

CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

1991-92-93
THIRD SESSION, THIRTY-FOURTH PARLIAMENT
40-41-42 ELIZABETH II

VOLUME I

(May 13, 1991 to February 28, 1992)

Parliament was opened on May 13, 1991

and was prorogued on September 8, 1993

Speaker

THE HONOURABLE GUY CHARBONNEAU

Leader of the Government

THE HONOURABLE LOWELL MURRAY, P.C.

Leader of the Opposition

THE HONOURABLE ROYCE FRITH

Officers of the Senate

Clerk of the Senate and Clerk of the Parliaments

GORDON L. BARNHART, M.A., P.MGR.

Clerk Assistant of the Senate

RICHARD G. GREENE

Law Clerk and Parliamentary Counsel

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

Gentleman Usher of the Black Rod

COL. JEAN DORÉ, CD

THE MINISTRY

According to Precedence

May 13, 1991

The Right Hon. Martin Brian Mulroney	Prime Minister
The Right Hon. Charles Joseph Clark	President of the Queen's Privy Council for Canada and Minister Responsible for Constitutional Affairs
The Hon. John Carnell Crosbie	Minister of Fisheries and Oceans and Minister for the Atlantic Canada Opportunities Agency
The Hon. Donald Frank Mazankowski	Deputy Prime Minister and Minister of Finance
The Hon. Elmer MacIntosh MacKay	Minister of Public Works
The Hon. Arthur Jacob Epp	Minister of Energy, Mines and Resources
The Hon. Robert R. de Cotret	Secretary of State of Canada
The Hon. Henry Perrin Beatty	Minister of Communications
The Hon. Michael Holcombe Wilson	Minister of Industry, Science and Technology and Minister for International Trade
The Hon. Harvie Andre	Minister of State and Leader of the Government in the House of Commons
The Hon. Otto John Jelinek	Minister of National Revenue
The Hon. Thomas Edward Siddon	Minister of Indian Affairs and Northern Development
The Hon. Charles James Mayer	Minister of Western Economic Diversification and Minister of State (Grains and Oil seeds)
The Hon. William Hunter McKnight	Minister of Agriculture
The Hon. Benoît Bouchard	Minister of National Health and Welfare
The Hon. Marcel Masse	Minister of National Defence
The Hon. Barbara Jean McDougall	Secretary of State for External Affairs
The Hon. Gerald Stairs Merrithew	Minister of Veterans Affairs
The Hon. Monique Vézina	Minister of State (Employment and Immigration) and Minister of State (Seniors)
The Hon. Frank Oberle	Minister of Forestry
The Hon. Lowell Murray	Leader of the Government in the Senate
The Hon. Paul Wyatt Dick	Minister of Supply and Services
The Hon. Pierre H. Cadieux	Minister of State (Fitness and Amateur Sport) and Minister of State (Youth) and Deputy Leader of the Government in the House of Commons
The Hon. Jean J. Charest	Minister of the Environment
The Hon. Thomas Hockin	Minister of State (Small Businesses and Tourism)
The Hon. Monique Landry	Minister for External Relations and Minister of State (Indian Affairs and Northern Development)
The Hon. Bernard Valcourt	Minister of Employment and Immigration
The Hon. Gerry Weiner	Minister of Multiculturalism and Citizenship
The Hon. Douglas Grinslade Lewis	Solicitor General of Canada
The Hon. Pierre Blais	Minister of Consumer and Corporate Affairs and Minister of State (Agriculture)
The Hon. John Horton McDermid	Minister of State (Finance and Privatization)
The Hon. Shirley Martin	Minister of State (Transport)
The Hon. Mary Collins	Associate Minister of National Defence and Minister Responsible for the Status of Women
The Hon. William Charles Winegard	Minister for Science
The Hon. Kim Campbell	Minister of Justice and Attorney General of Canada
The Hon. Jean Corbeil	Minister of Transport
The Hon. Gilles Loiselle	President of the Treasury Board and Minister of State (Finance)
The Hon. Marcel Danis	Minister of Labour
The Hon. Pauline Browes	Minister of State (Environment)

THE MINISTRY

(According to Precedence)

At Dissolution, September 8, 1993

The Right Hon. Kim Campbell	Prime Minister
The Hon. Henry Perrin Beatty	Secretary of State for External Affairs
The Hon. Thomas Edward Siddon	Minister of National Defence
The Hon. Charles James Mayer	(Minister Designate of Agriculture and Agri-Food), Minister of Agriculture and Minister for Small Communities and Rural Areas
The Hon. Lowell Murray	Leader of the Government in the Senate
The Hon. Paul Wyatt Dick	(Minister Designate of Government Services), Minister of Supply and Services and Minister of Public Works
The Hon. Jean J. Charest	Deputy Prime Minister, (Minister Designate of Industry and Science), Minister of Industry, Science and Technology and Minister of Consumer and Corporate Affairs
The Hon. Thomas Hockin	Minister for International Trade
The Hon. Monique Landry	(Minister Designate of Canadian Heritage), Secretary of State of Canada and Minister of Communications
The Hon. Bernard Valcourt	(Minister Designate of Human Resources and Labour), Minister of Employment and Immigration and Minister of Labour
The Hon. Gerry Weiner	(Minister Designate of Citizenship) Minister of Multiculturalism and Citizenship
The Hon. Douglas Grinslade Lewis	(Minister Designate of Public Security), Solicitor General of Canada and Leader of the Government in the House of Commons
The Hon. Pierre Blais	Minister of Justice and Attorney General of Canada and President of the Queen's Privy Council for Canada
The Hon. Mary Collins	(Minister Designate of Health), Minister of National Health and Welfare and Minister responsible for the Status of Women
The Hon. Jean Corbeil	Minister of Transport
The Hon. Gilles Loiselle	Minister of Finance
The Hon. Pauline Browes	Minister of Indian Affairs and Northern Development
The Hon. Pierre H. Vincent	Minister of the Environment
The Hon. James Stewart Edwards	President of the Treasury Board
The Hon. Robert Douglas Nicholson	Minister for Science and Minister responsible for Small Businesses
The Hon. Barbara Jane Sparrow	(Minister Designate of Natural Resources), Minister of Energy, Mines and Resources and Minister of Forestry
The Hon. Peter L. McCreath	Minister of Veterans Affairs
The Hon. Ian Angus Ross Reid	Minister of Fisheries and Oceans and Minister for the Atlantic Canada Opportunities Agency
The Hon. Larry Schneider	Minister of Western Economic Diversification
The Hon. Garth Turner	Minister of National Revenue

SENATORS OF CANADA

ACCORDING TO SENIORITY

At Dissolution, September 8, 1993

THE HONOURABLE GUY CHARBONNEAU, SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
Macdonald, John Michael	Cape Breton	North Sydney, N.S.
Phillips, Orville Howard	Prince	Alberton, P.E.I.
Lang, Daniel Aiken	South York	Toronto, Ont.
Hastings, Earl Adam	Palliser-Foothills	Calgary, Alta.
Davey, Douglas Keith	York	Toronto, Ont.
Everett, Douglas Donald	Fort Rouge	Winnipeg, Man.
Thompson, Andrew Ernest	Dovercourt	Kendal, Ont.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Stanbury, Richard James	York Centre	Toronto, Ont.
Petten, William John	Bonavista	St. John's, Nfld.
Molgat, Gildas L.	Ste-Rose	Winnipeg, Man.
Lawson, Edward M.	Vancouver	Vancouver, B.C.
Bonnell, Mark Lorne	Murray River	Murray River, P.E.I.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Neiman, Joan	Peel	Caledon East, Ont.
Perrault, Raymond J., P.C.	North Shore-Burnaby	North Vancouver, B.C.
Riel, Maurice, P.C.	Chaouinigane	Montréal, Qué.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint-Antoine, N.B.
Austin, Jack, P.C.	Vancouver South	Vancouver, B.C.
Lucier, Paul	Yukon	Whitehorse, Yukon
Rizzuto, Pietro	Repentigny	Laval-sur-le-Lac, Qué.
Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Olson, Horace Andrew, P.C.	Alberta South	Iddesleigh, Alta.
Frith, Royce	Glen Tay	Perth, Ont.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Haidasz, Stanley, P.C.	Toronto-Parkdale	Toronto, Ont.
Lewis, Philip Derek	St. John's	St. John's, Nfld.
Marshall, Jack	Humber-St.George's-Ste.Barbe	Corner Brook, Nfld.
Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
Thériault, L. Norbert	Baie-du-Vin	Baie Ste-Anne, N.B.
Wood, Dalia	Montarville	Montréal, Qué.
Balfour, Reginald James	Regina	Regina, Sask.
Murray, Lowell, P.C.	Grenville-Carleton	Ottawa, Ont.
Charbonneau, Guy, Speaker	Kennebec	Montréal, Qué.
Doody, C. William	Harbour Main-Bell Island	St. John's, Nfld.
Macquarrie, Heath	Hillsborough	Victoria, P.E.I.
Stollery, Peter Alan	Bloor and Yonge	Toronto, Ont.
Pitfield, Peter Michael, P.C.	Ottawa-Vanier	Ottawa, Ont.
Kelly, William McDonough	Port Severn	Mississauga, Ont.
Hébert, Jacques	Wellington	Montréal, Qué.
Kolber, Leo	Victoria	Westmount, Qué.
Gigantès, Philippe Deane	De Lorimier	Montréal, Qué.
Stewart, John B.	Antigonish-Guysborough	Bayfield, N.S.
Kirby, Michael	South Shore	Halifax, N.S.
Grafstein, Jerahmiel	Metro Toronto	Toronto, Ont.
Cools, Anne Clare	Toronto Centre	Toronto, Ont.
Watt, Charles	Inkerman	Kuujjuaq, Qué.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Hays, Daniel Phillip	Calgary	Calgary, Alta.
Fairbairn, Joyce	Lethbridge	Lethbridge, Alta.
Kenny, Colin	Rideau	Ottawa ,Ont.
De Bané, Pierre, P.C.	De la Vallière	Montréal, Qué.
MacEachen, Allan Joseph, P.C.	Highlands-Canso	Whycocomagh ,N.S.
LeBlanc, Roméo, P.C.	Beauséjour	Grande-Digue, N.B.
Corbin, Eymard Georges	Grand-Sault	Grand-Sault, N.B.
MacDonald, Finlay	Halifax	Halifax, N.S.
Robertson, Brenda Mary	Riverview	Shediac, N.B.
Doyle, Richard J.	North York	Toronto, Ont.
David, Paul	Bedford	Outremont, Qué.
Simard, Jean-Maurice	Edmunston	Edmunston, N.B.
Cogger, Michel	Lauzon	Knowlton, Qué.
Atkins, Norman K.	Markham	Toronto, Ont.
Cochrane, Ethel	Newfoundland	Port-au-Port, Nfld.
Rossiter, Eileen	Prince Edward Island	Charlottetown, P.E.I.
Spivak, Mira	Manitoba	Winnipeg, Man.
Ottenheimer, Gerald R.	Waterford-Trinity	St. John's, Nfld.
Bolduc, Roch	Golfe	Ste-Foy, Qué.
Chaput-Rolland, Solange	Mille Isles	Saint-Sauveur-des-Monts, Qué.
Beaudoin, Gérald-A.	Rigaud	Hull, Qué.
Carney, Pat, P.C.	British Columbia	Vancouver, B.C.
Comeau, Gerald Joseph	Nova Scotia	Church Point, N.S.
Di Nino, Consiglio	Ontario	Downsview, Ont.
Oliver, Donald	Nova Scotia	Dartmouth, N.S.
Sylvain, John	Rougemont	Montréal, Qué.
Kinsella, Noël	New Brunswick	Fredericton, N.B.
Buchanan, John M., P.C.	Nova Scotia	Halifax, N.S.
DeWare, Mabel	New Brunswick	Moncton, N.B.
Lynch-Staunton, John	Grandville	Georgeville, Qué.
Kelleher, James, P.C.	Ontario	Sault Ste. Marie, Ont.
Eyton, Trevor	Ontario	Caledon, Ont.
Beaulieu, Mario	De la Durantaye	Montréal, Qué.
Twinn, Walter Patrick	Alberta	Slave Lake, Alta.
Keon Wilbert Joseph	Ottawa	Ottawa, Ont,
Meighen, Michael Arthur	St. Marys	Toronto, Ont.
Grimard, Normand	Québec	Noranda, Qué.
Lavoie-Roux, Thérèse	Québec	Montréal, Qué.
Forrestall, John Michael	Maritimes	Dartmouth, N.S.
Johnson, Janis	Manitoba	Winnipeg, Man.
Berntson, Eric Arthur	Saskatchewan	Saskatoon, Sask.
Andreychuk, Raynell	Regina	Regina, Sask.
Rivest, Jean-Claude	Stadacona	Québec, Qué.
Ghitter, Ronald D.	Alberta	Calgary, Alta.
Stratton, Terrance R.	Manitoba	St. Norbert, Man.
Prud'homme, Marcel, P.C.	La Salle	Montréal, Qué.
Roberge, Fernand	Saurel	Ville St-Laurent, Qué.
Jessiman, Duncan James	Winnipeg Nord	Winnipeg, Man.
Gustafson, Leonard J.	Saskatoon	Saskatoon, Sask.
Cohen, Erminie Joy	New Brunswick	Saint John, N.B.
Desmarais, Jean Noël	Sudbury	Sudbury, Ont.
Tkachuk, David	Regina-Qu'Appelle	Regina, Sask.
Angus, W. David	Alma	Montréal, Qué.
Nolin, Pierre Claude	De Salaberry	Québec, Qué.
LeBreton, Marjory	Ontario	Manotick ,Ont.
St. Germain, Gerry, P.C.	British Columbia	Maple Ridge, B.C.

SENATORS OF CANADA

ALPHABETICAL LIST

At Dissolution, September 8, 1993

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Andreychuk, A. Raynell	Regina	Regina, Sask.
Angus, W. David	Alma	Montréal, Qué.
Atkins, Norman K.	Markham	Toronto, Ont.
Austin, Jack, P.C.	Vancouver South	Vancouver, B.C.
Balfour, Reginald James	Regina	Regina, Sask.
Beaudoin, Gérald-A.	Rigaud	Hull, Qué.
Beaulieu, Mario	De la Durantaye	Montréal, Qué.
Berntson, Eric Arthur	Saskatchewan	Saskatoon, Sask.
Bolduc, Roch	Golfe	Ste-Foy, Qué.
Bonnell, Mark Lorne	Murray River	Murray River, P.E.I.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Buchanan, John M., P.C.	Nova Scotia	Halifax, N.S.
Carney, Pat, P.C.	British Columbia	Vancouver, B.C.
Chaput-Rolland, Solange	Mille Isles	Saint-Sauveur-des-Monts, Qué.
Charbonneau, Guy, Speaker	Kennebec	Montréal, Qué.
Cochrane Ethel	Newfoundland	Port-au-Port, Nfld.
Cogger, Michel	Lauzon	Knowlton, Qué.
Cohen, Erminie Joy	New Brunswick	Saint John, N.B.
Comeau, Gerald Joseph	Nova Scotia	Church Point, N.S.
Cools, Anne Clare	Toronto Centre	Toronto, Ont.
Corbin, Eymard Georges	Grand-Sault	Grand-Sault, N.B.
Davey, Douglas Keith	York	Toronto, Ont.
David, Paul	Bedford	Outremont, Qué.
De Bané, Pierre, P.C.	De la Vallière	Montréal, Qué.
Desmarais, Jean Noël	Sudbury	Sudbury, Ont.
DeWare, Mabel	New Brunswick	Moncton, N.B.
Di Nino, Consiglio	Ontario	Downsview, Ont.
Doody, C. William	Harbour Main-Bell Island	St. John's, Nfld.
Doyle, Richard J.	North York	Toronto, Ont.
Everett, Douglas Donald	Fort Rouge	Winnipeg, Man.
Eyton, Trevor	Ontario	Caledon, Ont.
Fairbairn, Joyce	Lethbridge	Lethbridge, Alta.
Forrestall, John Michael	Maritimes	Dartmouth, N.S.
Frith, Royce	Glen Tay	Perth, Ont.
Ghitter, Ronald D.	Alberta	Calgary, Alta.
Gigantès, Philippe Deane	De Lorimier	Montréal, Qué.
Grafstein, Jerahmiel	Metro Toronto	Toronto, Ont.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Grimard, Normand	Québec	Noranda, Qué
Gustafson, Leonard J.	Saskatoon	Saskatoon, Sask.
Haidasz, Stanley, P.C.	Toronto-Parkdale	Toronto, Ont.
Hastings, Earl Adam	Palliser-Foothills	Calgary, Alta.
Hays, Daniel Phillip	Calgary	Calgary, Alta.
Hébert, Jacques	Wellington	Montréal, Qué.
Jessiman, Duncan James	Winnipeg North	Winnipeg, Man.
Johnson, Janis	Manitoba	Winnipeg, Man.
Kelleher, James, P.C.	Ontario	Sault Ste. Marie, Ont.
Kelly, William McDonough	Port Severn	Mississauga, Ont.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
Kenny, Colin	Rideau	Ottawa, Ont.
Keon, Wilbert Joseph	Ottawa	Ottawa, Ont.
Kinsella, Noël A.	New Brunswick	Fredericton, N.B.
Kirby, Michael	South Shore	Halifax ,N.S.
Kolber, Leo	Victoria	Westmount, Qué.
Lang, Daniel Aiken	South York	Toronto, Ont.
Lavoie-Roux, Thérèse	Québec	Montréal, Qué.
Lawson, Edward M.	Vancouver	Vancouver, B.C.
LeBlanc, Roméo, P.C.	Beauséjour	Grande-Digue, N.B.
LeBreton, Marjory	Ontario	Manotick, Ont.
Lewis, Philip Derek	St. John's	St. John's, Nfld.
Lucier, Paul	Yukon	Whitehorse, Yukon
Lynch-Staunton, John	Grandville	Georgeville, Qué.
MacDonald, Finlay	Halifax	Halifax, N.S.
Macdonald, John Michael	Cape Breton	North Sydney, N.S.
MacEachen, Allan Joseph, P.C.	Highlands-Canso	Whycocomagh, N.S.
Macquarrie, Heath	Hillsborough	Victoria ,P.E.I.
Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Marshall, Jack	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
Meighen, Michael Arthur	St. Marys	Toronto, Ont.
Molgat, Gildas L.	Ste-Rose	Winnipeg, Man.
Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
Murray, Lowell, P.C.	Grenville-Carleton	Ottawa, Ont.
Neiman, Joan	Peel	Caledon East, Ont.
Nolin, Pierre Claude	De Salaberry	Québec, Qué.
Oliver, Donald	Nova Scotia	Dartmouth, N.S.
Olson, Horace Andrew, P.C.	Alberta South	Iddesleigh, Alta.
Ottenheimer, Gerald R.	Waterford-Trinity	St. John's, Nfld.
Perrault, Raymond J., P.C.	North Shore-Burnaby	North Vancouver, B.C.
Petten, William John	Bonavista	St. John's, Nfld.
Phillips, Orville Howard	Prince	Alberton, P.E.I.
Pitfield, Peter Michael, P.C.	Ottawa-Vanier	Ottawa, Ont.
Prud'homme, Marcel, P.C.	La Salle	Montréal, Qué.
Riel, Maurice, P.C.	Chaouinigane	Montréal, Qué.
Rivest, Jean-Claude	Stadacona	Québec, Qué.
Rizzuto, Pietro	Repentigny	Laval-sur-le-Lac, Qué.
Roberge, Fernand	Saurel	Ville St-Laurent, Qué.
Robertson, Brenda Mary	Riverview	Shediac, N.B.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint-Antoine, N.B.
Rossiter, Eileen	Prince Edward Island	Charlottetown, P.E.I.
St. Germain, Gerry, P.C.	British Columbia	Maple Ridge, B.C.
Simard, Jean-Maurice	Edmunston	Edmunston, N.B.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Spivak, Mira	Manitoba	Winnipeg, Man.
Stanbury, Richard James	York Centre	Toronto, Ont.
Stewart, John B.	Antigonish-Guysborough	Bayfield, N.S.
Stollery, Peter Alan	Bloor and Yonge	Toronto, Ont.
Stratton, Terrance R.	Manitoba	St. Norbert ,Man.
Sylvain, John	Rougemont	Montréal, Qué.
Thériault, L. Norbert	Baie-du-Vin	Baie Ste-Anne, N.B.
Thompson, Andrew Ernest	Dovercourt	Kendal, Ont.
Tkachuk, David	Regina-Qu'Appelle	Regina, Sask.
Twinn, Walter Patrick	Alberta	Slave Lake, Alta.
Watt, Charles	Inkerman	Kuujjuaq, Qué.
Wood, Dalia	Montarville	Montréal, Qué.

SENATORS OF CANADA

BY PROVINCE AND TERRITORY

At Dissolution, September 8, 1993

ONTARIO—24

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	Lang, Daniel Aiken	Toronto
2	Davey, Douglas Keith	Toronto
3	Thompson, Andrew Ernest	Kendal
4	Stanbury, Richard James	Toronto
5	Neiman, Joan	Caledon East
6	Frith, Royce	Perth
7	Bosa, Peter	Etobicoke
8	Haidasz, Stanley, P.C.	Toronto
9	Murray, Lowell, P.C.	Ottawa
10	Stollery, Peter Alan	Toronto
11	Pitfield, Peter Michael, P.C.	Ottawa
12	Kelly, William McDonough	Mississauga
13	Grafstein, Jerahmiel	Toronto
14	Cools, Anne Clare	Toronto
15	Kenny, Colin	Ottawa
16	Doyle, Richard J.	Toronto
17	Atkins, Norman K.	Toronto
18	Di Nino, Consiglio	Downsview
19	Kelleher, James, P.C.	Sault Ste. Marie
20	Eyton, Trevor	Caledon
21	Keon, Wilbert Joseph	Ottawa
22	Meighen, Michael Arthur	Toronto
23	Desmarais, Jean Noël	Sudbury
24	LeBreton, Marjory	Manotick

QUÉBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	Riel, Maurice, P.C.	Chaouinigane	Montréal
2	Rizzuto, Pietro	Repentigny	Laval-sur-le-Lac
3	Wood, Dalia	Montarville	Montréal
4	Charbonneau, Guy, Speaker	Kennebec	Montréal
5	Hébert, Jacques	Wellington	Montréal
6	Kolber, Leo	Victoria	Westmount
7	Gigantès, Philippe Deane	De Lorimier	Montréal
8	Watt, Charles	Inkerman	Kuujjuaq
9	De Bané, Pierre, P.C.	De la Vallière	Montréal
10	David, Paul	Bedford	Outremont
11	Cogger, Michel	Lauzon	Knowlton
12	Bolduc, Roch	Golfe	Ste-Foy
13	Chaput-Rolland, Solange	Mille Isles	Saint-Sauveur-des-Monts
14	Beaudoin, Gérald-A.	Rigaud	Hull
15	Sylvain, John	Rougemont	Montréal
16	Lynch-Staunton, John	Grandville	Georgeville
17	Beaulieu, Mario	De la Durantaye	Montréal
18	Rivest, Jean-Claude	Stadacona	Québec
19	Prud'homme, Marcel, P.C.	La Salle	Montréal
20	Roberge, Fernand	Saurel	Ville St-Laurent
21	Angus, W. David	Alma	Montréal
22	Nolin, Pierre Claude	De Salaberry	Québec
23			
24			

NOVA SCOTIA—10

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	Macdonald, John Michael	North Sydney
2	Graham, Bernard Alasdair	Sydney
3	Muir, Robert	Sydney Mines
4	Stewart, John B.	Bayfield
5	Kirby, Michael	Halifax
6	MacEachen, Allan Joseph, P.C.	Whycocomagh
7	MacDonald, Finlay	Halifax
8	Comeau, Gerald Joseph	Church Point
9	Oliver, Donald	Dartmouth
10	Buchanan, John M., P.C.	Halifax

NEW BRUNSWICK—10

	THE HONOURABLE	
1	Robichaud, Louis-J., P.C.	Saint-Antoine
2	Thériault, L. Norbert	Baie Ste-Anne
3	LeBlanc, Roméo, P.C.	Grande-Digue
4	Corbin, Eymard Georges	Grand-Sault
5	Robertson, Brenda Mary	Shediac
6	Simard, Jean-Maurice	Edmunston
7	Kinsella, Noël A.	Fredericton
8	DeWare, Mabel	Moncton
9	Cohen, Erminie Joy	Saint John
10		

PRINCE EDWARD ISLAND—4

	THE HONOURABLE	
1	Phillips, Orville Howard	Alberton
2	Bonnell, Mark Lorne	Murray River
3	Macquarrie, Heath	Victoria
4	Rossiter, Eileen	Charlottetown

MANITOBA—6

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	Everett, Douglas Donald	Winnipeg
2	Molgat, Gildas L.	Winnipeg
3	Spivak, Mira	Winnipeg
4	Johnson, Janis	Winnipeg
5	Stratton, Terrance R.	St. Norbert
6	Jessiman, Duncan James	Winnipeg

BRITISH COLUMBIA—6

	THE HONOURABLE	
1	Lawson, Edward M.	Vancouver
2	Perrault, Raymond J., P.C.	North Vancouver
3	Austin, Jack, P.C.	Vancouver
4	Marchand, Leonard Stephen, P.C.	Kamloops
5	Carney, Pat, P.C.	Vancouver
6	St. Germain, Gerry, P.C.	Maple Ridge

SASKATCHEWAN—6

	THE HONOURABLE	
1	Sparrow, Herbert O.	North Battleford
2	Balfour, Reginald James	Regina
3	Berntson, Eric Arthur	Saskatoon
4	Andreychuk, A. Raynell	Regina
5	Gustafson, Leonard J.	Saskatoon
6	Tkachuk, David	Regina-Qu'Appelle

ALBERTA—6

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	Hastings, Earl Adam	Calgary
2	Olson, Horace Andrew, P.C.	Iddesleigh
3	Hays, Daniel Phillip	Calgary
4	Fairbairn, Joyce	Lethbridge
5	Twinn, Walter Patrick	Slave Lake
6	Ghitter, Ronald D.	Calgary

NEWFOUNDLAND—6

	THE HONOURABLE	
1	Petten, William John	St. John's
2	Lewis, Philip Derek	St. John's
3	Marshall, Jack	Corner Brook
4	Doody, C. William	St. John's
5	Cochrane, Ethel	Port-au-Port
6	Ottenheimer, Gerald R.	St. John's

YUKON—1

	THE HONOURABLE	
1	Lucier, Paul	Whitehorse

NORTHWEST TERRITORIES—1

	THE HONOURABLE	
1	Adams, Willie	Rankin Inlet

SENATORS OF CANADA

BY DIVISION

At Dissolution, September 8, 1993

QUÉBEC—2

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	Grimard, Normand	Noranda
2	Lavoie-Roux, Thérèse	Montréal

MARITIMES—1

	THE HONOURABLE	
1	Forrestall, John Michael	Dartmouth, N.S.

THE SENATE

CHIEFS OF PRINCIPAL BRANCHES

Director of Personnel	Dale M. Jarvis
Director of Finance	Siroun Aghajanian
Director of Committees	Gary W. O'Brien, M.A., Ph.D.
Editor of Debates and Chief of Reporting Services	Flavien J. Belzile, B.A.
Director of Journals	Monique Grenier Tomka
Director of Information Services	Gord Lovelace

REPORTING SERVICES

Editor of Debates and Chief of Reporting Services	Flavien J. Belzile
Assistant Editor of Debates (English)	Gilbert K. Hubbard
	Len R. Powis
(Acting)	Jeanie W. Morrison
Assistant Editor of Debates (French)	Maurice Bolduc
Senior Reporter (Acting)	R.G. Tremaine
Reporters	V. Aucoin, N. Campbell, R. Currie, A. Hénault, K. Olszewska, M. Porter, L. Purdy, M. Roy.

THE PUBLICATION CENTRE

Publication Coordinator	Michael Shreve
Text Coordinators	Colette Charlebois
	Diane G. Ford
	Micheline Proulx

TRANSLATORS
DEPARTMENT OF SECRETARY OF STATE

Director General, Translation Operations Branch	Germain Asselin
Director, Parliamentary Translation Directorate	Alphonse Morissette
Chief of Debates	Jean-Pierre Olivier

LIBRARY OF PARLIAMENT

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

THE SENATE

Monday, May 13, 1991

THIRTY-FOURTH PARLIAMENT

OPENING OF THIRD SESSION

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

The Senate met at 3:30 p.m., the Speaker in the Chair.

Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

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

RIDEAU HALL
OTTAWA
THE SECRETARY TO THE GOVERNOR GENERAL
AND HERALD CHANCELLOR

May 12, 1991

Sir,

I have the honour to inform you that His Excellency the Governor General will arrive at the Parliament Buildings at 3:35 p.m. on Monday, the 13th day of May, 1991.

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

Yours Sincerely,

Judith LaRocque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

At 4:00 p.m. His Excellency the Governor General proceeded to the Senate Chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and, that House being come, with their Speaker, His Excellency was pleased to open the Third Session of the Thirty-Fourth Parliament of Canada with the following speech:

Ladies and Gentlemen, Honourable Members of the Senate,

Ladies and Gentlemen, Members of the House of Commons.

It is my great pleasure to greet you as you begin the third session of the Thirty-Fourth Parliament.

In the past fifteen months, my wife and I have had the wonderful privilege of meeting thousands of Canadians at Rideau Hall, La Citadelle and in our visits to all of Canada's provinces and territories.

Whatever our background and wherever we live, Canadians share the same basic hopes and aspirations. We are proud of the great country we have inherited. Above all, we are determined to leave it a better and stronger place for our children.

As Gerda and I meet Canadians, we are moved by the special regard they have for the Queen and for the role she has played in our history. In the nearly forty years since she ascended the throne, she has been served by all seven Canadian Governors General—and she remains a living example of the continuity and stability that are fundamental to our system of government.

Therefore, it was a genuine pleasure this year, on your behalf, to congratulate Her Majesty and wish her well on the occasion of her 65th birthday.

This session will be a turning point in Canadian history. Let no one doubt the seriousness of the challenges we face as a country. You will have the responsibility and the opportunity to forge an historic accommodation that embraces all Canadians, overcomes division and discord and charts a course for prosperity for generations to come.

Last July 1st, when Her Majesty came to celebrate Canada Day with us, she said that the unity of the Canadian people is the paramount issue we face, just as it was at the time of Confederation. And, she went on, "There is no force, except the force of will, to keep Canadians together." I believe that Canadians have that will.

I am confident that, as long as we adhere to the values on which this country was founded—belief in human dignity, respect for differences, civility in our dealings with each other—we cannot fail.

Canada's history is the history of builders and achievers. Together, Canadian men and women have created a society that is as free and fair as any on earth; ours is one of the oldest functioning democracies, a beacon of freedom to people everywhere. Around the world, Canada is respected for the con-

structive role we play in global affairs, for the protection we accord human rights, for our tolerance of diversity, for our environmental sensitivity, and for our cultural accomplishments.

Canada is also envied for our economic prosperity; we rank only thirty-first in population but we have built the world's eighth largest economy. That economic strength allows us to maintain some of the most advanced social programs in the world.

Millions of people around the world would gladly give up everything they have for the privilege of living in Canada. That is a reality and a response to those who would question the value of Canadian citizenship.

Canada will celebrate its 125th birthday during this session. Let us ensure this celebration will be looked back upon as a milestone on the road to a united and prosperous future. Let us mark the occasion with the same spirit of confidence and the sense of accomplishment with which we all commemorated Canada's Centennial and Expo 67. We believed then that the potential of Canada was unparalleled. It remains so now.

To realize our great promise, we must rebuild Canadian unity and overcome the acrimony, apathy and incomprehension that currently undermine it. In light of the global economic revolution of the past quarter century, we must make the reforms necessary to earn the prosperity that until recently seemed our birthright. And we must address urgently the doubts that have been expressed about the capability of our institutions and processes to achieve these goals.

Proposals will be put before you, therefore, that address these three major concerns of the Canadian people and of my government—unity, prosperity and government responsiveness. I am confident that the importance of these issues will persuade all Parliamentarians to put Canada first, set partisan motives and calculations aside and work together for a stronger country.

Canadian Unity

We have been confided the stewardship of this great nation, constructed across an entire continent by generations of men and women determined to make a home for themselves and a future for their children. They were inspired in their sacrifice by the conviction that tolerance and fairness, courage and compassion, and individual enterprise and neighbourly cooperation could overcome all obstacles and erase all doubts.

Now it is the turn of our generation to overcome obstacles, erase doubts and strengthen Canada to meet the challenges of the 21st century. In doing so, we must safeguard the rights of all Canadians and maintain those standards of citizenship that distinguish the Canadian way of life.

Some reforms can be achieved through legislation or policy; others require changes to our attitudes; and still others require changes to our constitution.

A constitution should unite a nation. Canadians across this country should be able to see themselves and their hopes and aspirations mirrored in their constitution. It is the one document that all Canadians should refer to with pride. That is not presently the case in Canada. And no task is more important than making the constitution a more faithful reflection of who we are, what we represent as a country and what we aspire to be as a people.

The Citizens' Forum on Canada's Future was constituted to give Canadians an opportunity to express their hopes and views on the kind of country Canada should be, so we can continue to prosper as we cross the threshold together into a new century. The Special Joint Committee on the Process for Amending the Constitution was established to allow Canadians to be involved in finding a better way of making constitutional changes. Both have increased understanding among Canadians of how much we have in common—as well as awareness of what we stand to lose. Canadians are moving beyond focusing on problems to suggesting solutions.

My government looks forward to receiving the recommendations of the two committees by Canada Day, July 1st. The committee reports, together with the work of similar commissions in several provinces and the soundings you have all taken of the views of your own constituents, will give you the understanding you need of what Canadians want done.

My government will formulate new proposals to focus public discussion on the goal of a more united and prosperous Canada. The proposals will suggest changes in federal and provincial powers and responsibilities and in national institutions. My government will be guided by a number of basic principles:

- that Canada has already proven its worth; we seek change in order to improve Canada, not to discard what we have accomplished together;
- that the Government of Canada represents all Canadians; and that change can be achieved only through reasonable compromise and enlightened accommodation of the interests of all Canadians;
- that Quebec's unique character must be affirmed and that the particular interests of the West, the Atlantic provinces, Ontario, the North and aboriginal Canadians must be recognized, as well; and
- that the tests of constitutional reform will be fairness, effectiveness, efficiency and the protection afforded to the rights of all Canadians.

In September, my government will refer its proposals to a joint parliamentary committee that will be established to consult with Canadians. The committee will be asked to travel in order to hear the views of men and women across Canada. In each jurisdiction it visits, the committee will be mandated to meet in public session with its counterpart provincial or territorial legislative committee or, where no such committee exists, with counterpart legislators. It will, also, meet with aboriginal groups. The committee will be asked to report back to the government within five months.

After receipt and consideration of the committee's report, my government will propose a plan for a renewed Canada for consideration by the people of Canada. You will be asked to

approve enabling legislation to provide for greater participation of Canadian men and women in constitutional change.

My government will work to create a climate in which Canadians can deepen their understanding of their history and traditions and their appreciation of their country's rich diversity. Events planned for 1992, the 125th anniversary of Confederation, will contribute to this greater understanding.

The ability of Canadians to live together in harmony and the ability of Canada to make a major contribution to world affairs depend upon our understanding of who we are as a people. To reduce Canada's vulnerability in an age of rapid, even turbulent, change and of growing interdependence, it is more important than ever that we speak to the world with one, clear and united voice. My government will conduct an active foreign policy in support of the full range of Canadian interests around the world—economic and security, environmental and social. My government will continue to promote democratic values and to defend human rights in the conduct of its foreign and development assistance policies as the best means to ensure progress and stability in a changing world environment and to safeguard Canadian security and prosperity.

Participating in Prosperity

My government will invite Canadians to participate in fashioning a new agenda for prosperity. The goal is to build a prosperous society in which all men and women have an equal opportunity to participate, in which benefits and responsibilities are fairly shared and in which the most vulnerable among us are protected.

There is much more to Canadian unity than amending the constitution. Our unity is strengthened by a strong economy. And prosperity is enhanced by a united country. But disunity in the face of the global economic challenge invites decline.

Economic recovery depends on reducing interest rates. To bring interest rates down, government finances have been put on a sound base. My government is controlling its spending and has established low but achievable inflation targets. That is the way to restore the confidence of Canadians in their future.

Restored confidence means new investment and new investment means meaningful jobs and a better life for all Canadians. With this fiscally disciplined approach, the economy will recover in the second half of this year and will grow strongly in 1992.

Looking to the longer term, Canadians are asking themselves what the future holds for themselves and for their families in a world that is changing so rapidly and profoundly. Deficit reduction, tax reform, free trade and productivity growth are all part of my government's plan to secure the future of Canadians.

Canada is inescapably part of the global economy. As citizens of a country that depends for its prosperity on the sale abroad of almost thirty percent of all it produces, the importance to Canadians of being able to compete effectively in international trade can scarcely be overstated. We guarantee our future, not by running from global competition, but by meeting it head-on, by equipping ourselves to compete with the best, by giving ourselves the economic conditions we need to be competitive and by making world markets accessible to our products.

The Canada-U.S. Free Trade Agreement has helped to secure the Canadian economy in difficult times. Private, non-residential investment in Canada, as a share of our gross domestic product, has been taking place at record levels. For the first time in sixteen years, Canada has been attracting more direct investment—the key to job creation and job opportunitiesthan has been going abroad.

My government believes North America-wide free trade is a logical next step—and one that would increase the prosperity of all Canadians—if an acceptable agreement can be negotiated with Mexico and the United States. My government will, also, cooperate with Canadian business to take advantage of the growing opportunities for sales and investment abroad as a result of the integration of Europe and of the extraordinary economic growth in Asia. A successful outcome to the multilateral trade negotiations in Geneva would be the best means to guarantee access for Canadian products in markets around the world; achieving that goal will be a high priority for my government.

At home, my government will work with provincial governments to ensure that Canada becomes a single, integrated market from coast to coast to coast. We need to eliminate:

- policies that favour a province's suppliers over lower cost producers from other provinces;
- regulations that often make it simpler for producers to ship their products abroad than to sell them in neighbouring provinces;
- hiring policies that give preference to provincial residents over those from other provinces; and
- occupational standards that restrict the work opportunities of residents of other provinces.

By one recent estimate, there are approximately five hundred barriers to interprovincial trade in Canada. My government's goal is to see barriers to interprovincial trade, services and investment come down by 1995, so that Canada becomes a single, integrated market. The savings to taxpayers and consumers of creating such a market could be as high as six billion dollars—about one thousand dollars a year for a household of four. And a larger home market would allow more Canadian companies to achieve the size and competitive edge to launch themselves successfully into world markets.

Today, investment and technology flow with ease across international boundaries, markets for goods and services are specialized and decisions on production are made on a worldwide basis. In the interdependent world we live in, prosperity is more and more a factor of knowledge, skills and innovation. The nations and firms that are succeeding and will continue to succeed in this environment are those whose people are educated, productive and able to adjust to rapidly changing circumstances. The risk for Canada is not so much to be undercut by developing countries with low-wage economies but to be out-

performed by technologically advanced countries with highly paid, highly skilled workers.

Increasing our productivity across the full range of Canadian industry—manufacturing, resources, and services—is the only way to secure and enhance our prosperity over the longer term. Productivity is the difference between prosperity and decline. The prosperity of all Canadians and our ability to maintain social programs depend on the productivity of Canadians. Increasing productivity requires the collaborative efforts of governments, business, labour and individual Canadians, in all regions. To focus this effort, specific targets will be set.

Canadian business, workers and governments will be asked to work together to generate at least two and a half million new jobs by the year 2000 and to raise the real incomes of Canadians by at least twenty-five percent, by the same year. These targets are realistic and achievable in a united Canada, whose population will approach thirty million people by the end of the century and whose gross domestic product will approach one trillion dollars.

My government believes that building Canadian prosperity and securing Canada's natural environment are fully compatible goals. International experience demonstrates conclusively that the most economically prosperous nations are also the most environmentally conscious nations. To safeguard our natural heritage, my government introduced this country's first comprehensive environment plan—the Green Plan—during the last session.

Over the coming months my Minister of the Environment will be implementing a wide range of Green Plan initiatives. These initiatives, in concert with action on the part of the provinces and the private sector, will ensure that Canadians, today and tomorrow, have the clean air, water and land essential to sustaining human health and enhancing our quality of life. They will also encourage the development of "environmentally friendly" products for which there are growing markets abroad.

We must, all of us, come to grips with the fundamental issues involved in integrating environmental and economic considerations into our decision-making. My government will, over the coming months, consult with provincial governments, industry and environmental leaders to explore means of complementing current regulatory approaches with innovative instruments that would achieve positive environmental results without prejudicing economic prosperity.

Increasing economic prosperity is first and foremost an issue of people. Canada's ability to prosper in a global economy will be determined by the level of Canadians' educational achievement, by the sophistication of our management skills and by our attitudes to work and to change. In the dawning knowledge age, how well we live will depend on how well we learn.

Canadian men and women must have access to both the skills and the lifelong learning opportunities necessary to improve their job prospects and ensure their own prosperity. But Canadians are questioning whether this country's approach to learning, despite the great dedication of so many talented educators and administrators, is adequate for the times.

The issue is not exclusively, or even primarily, money. Canada already spends more money per capita on education than almost any other industrialized nation does. Every year the federal government alone spends about eleven billion dollars, directly and indirectly, on education and training. The issue is results.

- Three out of ten students drop-out of high school before graduating.
- Four out of ten adults cannot read or do math well enough to perform everyday tasks.
- Canadian industry spends less than half as much on training its employees as American industry does, a fifth as much as the Japanese and an eighth as much as the Germans.

This is not the kind of performance that will guarantee increasing prosperity for our children; in fact, it has given rise to concerns whether the next generation of Canadian men and women will be the first to have a lower standard of living than their parents.

The time has come to reach a national consensus on performance, goals, partnerships and priorities for learning. As part of my government's new agenda for prosperity, a discussion paper on learning will be published to stimulate and focus discussion on education and training.

My government recognizes that education is a provincial responsibility under the constitution and respects that fact. My government also recognizes that Canadians are concerned about education, and would like to see Canada-wide goals established, with provincial endorsement and cooperation, for the year 2000. These goals could include:

- cutting illiteracy rates in half;
- ensuring that ninety percent of Canadians attain high school diplomas or the equivalent by age twenty-five;
- doubling the number of post-secondary graduates in mathematics, the sciences and engineering; and
- quadrupling the training provided by employers to their employees.

Students and parents, employers and employees, educators and governments will be asked to work together to develop a "learning culture," just as we have developed an environmental culture. My government will, also, ask the newly created Labour Force Development Board to present proposals in this area. The objective is to equip Canadian men and women to participate fully in creating and sharing Canadian prosperity.

The full participation of Canada's aboriginal peoples in Canada's economic prosperity and political life is a goal shared across the country. To put itself in a position to respond more effectively to the needs of the aboriginal peoples of Canada, my government will appoint the Right Honourable Brian Dickson, former Chief Justice of the Supreme Court of Canada, to serve as a special representative of the Prime

Minister in order to consult widely on the terms of reference and membership of the Royal Commission announced recently and report back to my government.

Particular care will be taken to ensure that the Commission neither delays nor negates constitutional, legislative or other reforms already under way. These reforms include land claim settlements, community development initiatives, education and other activities launched during the second session of the Thirty-Fourth Parliament. In cooperation with Indian people themselves, my government will explore alternatives to the Indian Act, especially concerning land, monies and self-government. Finally, my government will consult aboriginal Canadians on changes in the system of administering justice. The goal is to work with Canada's aboriginal peoples so that they control their own lives, can contribute to Canadian prosperity and can share fully in it.

Our children are the most important yet most vulnerable members of our society. Last September, at the Children's Summit in New York, the attention of people everywhere was focused on children at risk. Seventy-one leaders pledged that that moment would last a decade. My government will bring forward a plan to implement the commitments it made that day; the objective is to see Canadian girls and boys better educated, better protected and better nurtured so that they can make their own contributions to Canada's future. In addition, my government will review its policies in relation to the family, the most fundamental building block of Canadian society. And my government will appoint a blue ribbon panel of concerned Canadian men and women to inquire into the serious problem of violence against women in our society.

My government will lay before you proposals for programs and policies to remove the barriers still faced by disabled Canadians to full participation in Canada's political life and economic prosperity. The government plans to implement a five-year strategy that will resolve issues such as access to employment, training, housing and transportation, public sensitivity and community integration.

You will be asked to approve a number of other important legislative initiatives to advance the economic, social and international interests of Canadians. You will, also, be asked to appropriate the funds required to carry on services and expenditures authorized by Parliament.

Changing the Way Ottawa Works

Change is the hallmark of our age; in Europe, in Asia, in Latin America, old assumptions are being discarded and new principles are being adopted. In Canada, too, new problems require new solutions. There is a need for change in the way Parliament does business and in the way governments conduct their affairs. The goal is to ensure that Canadians' agenda is Parliament's agenda.

In the Thirty-Third Parliament, a committee of the House of Commons proposed far-reaching reforms to enhance the role of private members. During that Parliament, you implemented more than eighty-five percent of the committee's recommendations. And, at the end of the last session of this Parliament, further changes were passed to make it possible for members to spend more time at home with their constituents so that they can be more effective in representing the wishes of their constituents and more efficient in the conduct of House business.

Canadians exercise their democratic freedom by electing their representatives through secret ballot. During this session, you will receive the report of the Royal Commission on Electoral Reform established by my government. Canadians want to know that their elected representatives have the power and authority to represent them. My government will propose further reforms so that all Members of Parliament can fulfil better their obligations to their constituents.

The respect of the people for Parliament and Parliamentarians is essential for a healthy democracy. But the appearance, and sometimes the reality, of excessive party discipline and over-zealous partisanship, of empty posturing and feigned outrage have eroded that respect in Canada. Members will be asked, therefore, to consider new procedures for assessing legislation, for raising grievances on behalf of constituents and for questioning government. This will further enhance the role of individual members and afford them greater independence.

Change is also necessary in the ways governments conduct their affairs. Governments must be both effective and efficient, implementing necessary programs at the lowest cost to taxpayers. Canadians understand that their governments simply cannot afford to do everything that is demanded of them. In the past six and a half years, through prudent management, the growth of government operations has been curtailed. My government has privatized and eliminated twenty-four Crown corporations and streamlined virtually all government departments and agencies. Since 1984, ninety thousand employees have been removed from the payroll of the federal government and its agencies.

During this session, my government will take that process further. A draft spending control bill to cap federal program spending will be referred to a parliamentary committee for consultations with Canadians. Legislation will also be introduced to create a debt servicing and reduction fund so that GST revenues, as well as monies from further privatization of Crown corporations and from voluntary contributions, will be used to service the national debt.

Streamlining of government structures and operations to serve Canadians better and to save taxpayers' money will continue to be a priority of my government. Better ways to conduct the business of government are being examined. Improvements in the management of the public service, started under the Public Service 2000 initiative, will continue. A public service reform bill will be introduced into Parliament in support of this renewal program. Additional special operating agencies will be created to provide better service to Canadians through more autonomy and a sharper focus on objectives. My government will, also, continue to privatize those government activities best done by the private sector, as well as wind up and consolidate other agencies in order to provide Canadians better value for their tax dollars.

Conclusion

You are meeting at a pivotal period in the life of Canada, a time to reinvigorate our country and to bring Canadians together in a renewed accommodation. My government will work with Canadians to achieve its goals of unity, prosperity and responsive government so that all Canadians feel themselves a part of this country, so that all Canadians have an equal opportunity to share in its bounty, so that all can see themselves reflected in its constitution and so that all will find the fulfilment of their aspirations in its future.

Honourable Members of the Senate, Members of the House of Commons, Ladies and Gentlemen, you will play a decisive role in the strengthening of Canada. History will be the judge of the decisions you make on these critical issues.

May Divine Providence be your guide.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

Hon. C. William Doody (Deputy Leader of the Government) presented Bill S-1, relating to railways.

Bill read first time.

SPEECH FROM THE THRONE

CONSIDERATION AT NEXT SITTING

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

Hon. Senators: Dispense.

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

Hon. C. William Doody (Deputy Leader of the Government) moved:

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

Motion agreed to.

COMMITTEE ON ORDERS AND CUSTOMS

APPOINTMENT

Hon. C. William Doody (Deputy Leader of the Government) moved:

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

Motion agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Hon. C. William Doody (Deputy Leader of the Government) moved:

That pursuant to Rule 66(1), the following senators, to wit: the Honourable Senators Balfour, Bolduc, Corbin, Doyle, Frith, Lewis, Petten, Phillips and Teed be appointed a Committee of Selection to nominate (a) a Senator to preside as Speaker *pro tempore*; and (b) the Senators to serve on the several select committees during the present Session; and to report with all convenient speed the names of the Senators so nominated.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, May 14, 1991

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

Prayers.

THE LATE HONOURABLE RICHARD HATFIELD, P.C.

TRIBUTES

Hon. Lowell Murray (Leader of the Government): Honourable senators, our friend and colleague, Senator Richard Hatfield, died April 26. He was 60 years of age. Thirty of those years had been spent in the public life of New Brunswick and Canada. He had been in the Senate only seven months. He regarded his appointment to this place as a new lease on his political life. It was to be a further opportunity to help shape the future of this country which he loved so passionately.

Senator Hatfield had joined the Special Joint Committee on the Constitutional Amendment Process just before he fell ill in January and he had spoken to the Prime Minister and me to offer to take the chairmanship of a Senate committee on Aboriginal affairs. Senator Hatfield's death deprives the Senate of a colleague of truly national stature, and those of us who knew him are truly bereft.

Senator Hatfield's 30 years in political life have been well documented: His election to the New Brunswick Legislature in 1961, to the leadership of the Progressive Conservative Party in 1969, and to the premiership in 1970. Under his leadership the Conservative Party of New Brunswick won an unprecedented four general elections before losing office in 1987.

[*Translation*]

History will retain the numerous social and political reforms he made as well as the important progresses he contributed to in matter of human rights.

We will also remember the leadership role of his province in the major national issues. Richard Hatfield was the only premier to take part in every constitutional conference, from the one in Victoria in 1971, to Meech Lake in 1987.

During the 1982 constitutional round, he obtained the entrenchment in the Constitution of the linguistic rights of New Brunswick's anglophones and francophones. In his Legislative Assembly, he piloted Bill 88 recognizing the equality of both linguistic communities of New-Brunswick.

He was always strong and presuasive in his struggle to do away with regional disparities.

[*English*]

I believe that one of Richard Hatfield's finest hours in public life came before he was elected Premier. It was in 1969 when, as Leader of the Opposition in the New Brunswick Legislature, he led his Conservative MLAs, all of them anglophones, to a unanimous vote in support of the Official Languages Act brought in by Premier Louis Robichaud. His premiership was marked by many accomplishments, but none required more courage and more political skill, as Senator Robichaud knows, than that significant gesture of solidarity and of statesmanship on Richard Hatfield's part from his place on the opposition benches.

[*Translation*]

We all know that constitutional guarantees are not enough to ensure unity and mutual respect in a country like ours, so we must have leaders whose innate sense of justice and equality lights up their political life and who get the most out of other people.

Richard Hatfield was such a leader. As he liked to say, he was Acadian in his soul and proud to represent his people.

[*English*]

In the 1982 provincial election during a rally in the Acadian Peninsula, he was delighted to see people wearing buttons reading "Mon pouvoir; J'y crois". He wanted all New Brunswickers and all Canadians to believe in their power, their worth and their dignity as much as he believed in his own; and he wanted them to respect and understand and appreciate the power, the worth and the dignity of each other as much as he did theirs. Characteristically, one of his Christmas cards simply told his wide and diverse circle of friends "Love one another; Aimez-vous les uns les autres".

It is true that administrative routine held no fascination for him, but he did have a wonderful eye and ear for all the significant details of life. Nothing that affected the tone, temper and quality of life anywhere in New Brunswick ever escaped his attention for long or failed to arouse his interest. Long before he became Premier, and many elections later, he still seemed to know everything that was going on in New Brunswick, or he could find out. Every individual he met was important to him. This shone through, and people responded to him with warmth and trust.

In his *Lament for a Nation*, George Grant listed as one of the sources of the kind of Canadian patriotism that could meet the challenges of the 20th Century "small town politicians who remembered". Urbane and sophisticated though he was, Richard Hatfield was proud to be a small town politician, and he remembered. He remembered the best qualities in the nature of our country and, reforming politician that he was, he knew how to apply these qualities to complex modern issues.

He was a formidable politician—tireless, brave, stubborn, impatient, visionary and creative. No one ever heard a word of rancour or bitterness from him towards an opponent; and when, in an overwhelming defeat, he and his government were voted out of office, the first words that came to his lips were to

thank the people of New Brunswick for their generosity and support over the 17 years of his premiership. As a person he was understanding, forgiving and generous, always himself, and always a delight to be with.

Exactly a week before his death, he moved from the Ottawa General Hospital to a palliative care unit in the Elisabeth-Bruyère Hospital here in Ottawa. His first question was whether there was a view of the river from his room. There was not, but brought to his room there were three favourite paintings: a Goodridge Roberts scene of the Saint John River Valley; and two by his friend and neighbour Molly Lamb Bobak—one of skaters on the river near Fredericton, the other of the lighting of the Christmas tree outside the New Brunswick Legislature. Someone brought a tape recording of some of his favourite music; friends dropped in briefly, and in such warm and almost familiar surroundings he spent the last five or six conscious days of his life, before slipping away from us for the last time.

There was a funeral service for his family and friends in his home town of Hartland, New Brunswick on May 1 and a memorial service in Fredericton on May 3. Queen Elizabeth sent a message expressing her sorrow at his death and recalling with pleasure her many meetings with him over the years. The Prime Minister delivered a moving and affectionate eulogy. New Brunswick artists performed. The poetry of his late friend Alden Nowlan was read. Among others, Mr. and Mrs. Stompin' Tom Connors sent flowers—Richard, after all had attended their nationally-televised wedding some years ago. Hundreds of New Brunswickers lined up in pouring rain to try to get into the church, or into the Legislature where they signed a memorial book placed there by the provincial government. It was an unforgettable but entirely fitting farewell to an unforgettable man whose highly personal political leadership changed the history of his province, and of his country, for the better. We shall always miss him.

[*Translation*]

Hon. Louis J. Robichaud: Honourable senators, in the Spring of 1971, when I left the New-Brunswick Legislative Assembly for a "quieter" world, the Primier Minister of the day made a comment to the effect that during my mandates I had built many bridges in my province but that the main one was the bridge between French-speaking and English-speaking people of New Brunswick. That made me proud and I silently wished that my successor would also pursue policies of bilingualism, equality of chances for all and biculturalism.

Twenty years later, I can say with admiration and gratitude that my wishes have been largely met.

Richard Hatfield did indeed build bridges on that narrow river separating both founding peoples of Canada and those bridges must also accommodate the native peoples and the varied cultures that form the Canadian mosaic. It was not an easy task but the Premier succeeded, confident that the traditional British fairplay could only prevail. His optimism was limitless and his convictions were deep. He championed the rights of the minorities even if he knew that he was thus alienating some of his own supporters and those who are not used to sharing.

On May 3 of this year, I witnessed something that would have been inconceivable 50 or even 25 years ago. At what was called the "Celebration of Richard Hatfield's life", I was witness to an oecumenic, bilingual, serious, humourous and extremely captivating service. I am not usually partial to funeral services. I always find them too long even if it is often not the case. Richard Hatfield's was short!

But who would have thought, 25 years ago, that the Gospel according to Saint "so and so" could be proclaimed in French in the very Anglican Christ Church Cathedral of Fredericton, in a ceremony celebrating the life of a Baptist from Hartland. As far as I know, nobody batted an eye. And that is because Richard Hatfield had devoted all his life, all his political career to preparing Canadians for such a possibility. He may have paid the price but History will prove him right.

At the national level, even though he was a Tory, his positions were unshakeably reformist and flexible provided that the great principle of a Canada *ad mare usque ad mare* remained the objective. I believe I can say that he harboured no ill feelings towards anyone but that he did not like to associate with those who wanted to split our country or destroy our great institutions, whether they came from the East or the West. He used to preach for unity (mostly in English) but when he was stuck, he would try to say it in French just as well, but not better than Diefenbaker or Pearson would have done.

There was no doubt in his mind that Quebec separation from the rest of Canada would mean sooner or later the disappearance of the French language outside Quebec, including the Acadian minority he cared so much for. He was a great Canadian, he died too young!

● (1410)

[*English*]

A couple of years ago, his friends and loyal supporters congregated in Fredericton to thank him for his many years of service to his province and his country. On that occasion, I sent the following message, which is still appropriate:

> Very few Canadians have served as heads of government for more than fifteen years in this century. We can name King, Duplessis, Smallwood, Trudeau and Hatfield. Most were bachelors most of the time and that did not prove to be a handicap. Also, in most cases, as happened in our society in general, the respect for the sixth commandment has loosened up considerably since the era of Queen Victoria, which did not prove to be a handicap either.

[*Translation*]

> Be that as it may, these men of high calibre have stood out on the political scene of the country or their province with dignity, integrity, justice, devotion and competence during all those years. The majority is never wrong. *Vox populi, vox dei.*

[*English*]

> Our own Richard Hatfield was premier for seventeen years during which his constituents were never given the occasion to question his sense of justice for all. At his own peril he promoted the cause of mutual understanding between the two linguistic groups in our province and abroad to a degree that all fairminded people admired his courage and tenacity. His legacy in government is one of humanistic concern, fairness and the constant striving to provide equality of economic opportunity to all New Brunswickers.
>
> It is fitting that his friends would organize a tribute to Richard Hatfield, the man whose constituents outnumbered those of Louis Robichaud, Robert Higgins, Joseph Daigle and Doug Young. Please convey to him my best regards with kind wishes for a happy retirement from a very hectic life.
>
> Sincerely
>
> Louis J. Robichaud

After that, he was summoned to the Senate and served for a few months, and the rest is history. To all members of his family, I offer my sincere condolences.

Hon. Senators: Hear, hear!

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, it is with profound emotion that I join with my colleagues in paying tribute to Richard Hatfield, a remarkable individual.

As you know, before having the honour and pleasure of sitting in this august chamber with him, I had the great privilege of being a close colleague for over fifteen years as a minister in many of his Government of New Brunswick cabinets.

Richard Hatfield was an extraordinary man.

Some men are said to have a great deal of heart. Others are said to be intellectuals, while still others are judged to be capable individuals.

• (1420)

[*English*]

Richard Hatfield embodied all of these qualities. He was a man of noble spirit, full of joy, hope and gratitude. One cannot say that he was a partisan politician in the everyday sense of the word. Quite simply, he lived as he saw it, among his own people. However, he was always concerned about getting involved in matters for the sake of the welfare of the province, whose destiny he guided for 17 years and irrevocably altered.

[*Translation*]

Richard Hatfield did indeed reshape the province of New Brunswick, from the moment he took office, he reformed the process of political fund-raising and instituted a system of single riding representation.

Being a very open-minded person, he recognized that the equal opportunities program launched by his predecessor, our eminent colleague, Senator Louis Robichaud, was a vital initiative and he wholeheartedly endorsed it and continued to do so throughout his career.

He was also a staunch believer in the promised virtues of the Official Languages Act and he moved to implement fully its provisions as quickly as possible. Furthermore, to ensure that Acadians would never again feel that they were at the mercy of others where language was concerned, he saw to it that these rights were entrenched in the canadian constiution, thereby guaranteeing them in perpetuity.

Richard Hatfield never accepted or tolerated that New Brunswick's Acadians should be treated as a linguistic minority. Rather, he believed in the existence of two majorities, each one legitimate, each one distinct.

He wanted francophones, after decades of struggle and trials, to assume responsibility for their own system of education. Thus he established a dual education system and oversaw the creation of homogenous schools and school boards. He knew that education was the key to the people's survival and believed that as long as Acadians were not the masters of their own education, they would remain powerless in the face of others' thoughtlessness.

By assigning this responsibility to Acadians, he gave them back some measure of power and in the ensuing period, Acadians have found renewed strength and confidence and their influence has grown.

[*English*]

Had this been the full extent of his contribution, it still would have been exceptional. However, those who were acquainted with him knew that he was not a man to stop in mid-course. Richard Hatfield wanted all politics in New Brunswick to beat to the new rhythm of linguistic equality. He wanted all of his province's dynamic forces to work toward building the tolerant, modern society he so wanted for New Brunswick. He prompted his province to move in new and more contemporary directions.

[*Translation*]

He stepped in personally and publicly to see to it that the services of Radio-Canada were finally made available to Acadians already isolated as it were by history and geography.

Recognizing the danger of assimilation faced by Acadians living in predominantly English-speaking communities and the validity of their linguistic demands, he worked tirelessly for the creation of francophone community centres in Fredericton, Newcastle and Saint-John.

He insisted that New Brunswick participate fully in all activities highlighting the international francophone community and that Acadians have a voice at francophone summits.

In 1984, to commemorate the centennial of the Acadian flag, an event occuring at the same time as the province's bicentennial, he had the Acadian flag flown over the New Brunswick legislature and on all provincial government buildings in Acadian regions and in regions with significant French-speaking minorities. This gesture was meant not only to underscore the contribution Acadians have made to New Brun-

swick's social, economic and cultural life, but also to honour the indisputable reality of the political force the Acadians represent.

Finally, history will record that he wanted this sociopolitical development to be concretely embodied in legislation that was unique in the annals of Canadian history, namely legislation recognizing the equal status of New Brunswick's two official language communities.

I had the privilege to be closely associated with him in carrying out this initiative and I am grateful for the confidence he placed in me.

This piece of legislation articulates the fundamental principles on which all political activities of the province of New Brunswick rest. It recongizes the right of each official language community in the province to have its own economic, social, educational and cultural institutions. Furthermore, it stipulates that the government must bear this fact in mind when carrying out its programs and allocating public funds.

In light of the new Developments, objections and resistance surrounding the Canadian constitutional debate which are rattling the very roots of our federation, this legislation, which in New Brunswick is commonly referred to as Bill 88, stand as proof of Richard Hatfield's political and humanistic foresight. Furthermore, it could serve as a source of inspiration for all Canadians who want Canada to embrace an approach based on tolerance, open-mindedness and pluralism.

[*English*]

All of us know how enthusiastic and energetic this great individual was when it came to Canada's future. His numerous, untold efforts in our national search for compromise and consensus on a broad range of delicate issues, whether it be the Aboriginal issue, the language question, regional disparities, Senate reform, the distinct society, to mention but a few, have all found their inspiration in the same generosity of spirit and heart, and in the sincere desire to give each and every person his or her rightful place in the sun.

[*Translation*]

It has been said of Richard Hatfield that he was an unconventional man and that he never sacrificed the freedom this afforded him. He lived up to this formidable challenge and we all know that he emerged victorious because throughout his life, he demonstrated exemplary, unshakeable faith. He was faithful to himself, faithful to his strong belief in life, true to this principles of compassion, respect and love of others.

In return, throughout my long, fruitful collaboration with him, I found in his faith the strength needed to continue with the work undertaken, even during turbulent political times.

Today, I want to pay tribute to Richard Hatfield, to acknowledge all that he has given me. It is a modest contribution to the tributes that have rained down over the past ten days at the mere mention of his name, but it is a token of the confidence and *joie de vivre* for which Richard Hatfield was so well known.

And when we are all back into our daily routines, and the flood of tributes has ebbed, we will be left to find in our daily lives signs of Richard Hatfield, the man, of course, but also of his love of life and people, a love embodied in his own everyday life.

• (1430)

[*English*]

Hon. Brenda M. Robertson: Honourable senators, so much has been said about Richard in the last 10 days that one wonders what one can add in a few minutes in the Senate this afternoon.

Richard did so much for New Brunswick. In so many ways he was New Brunswick. In an interview about two years ago, when asked what New Brunswick meant to him—and some honourable senators may have read these comments in one of our local papers—he mentioned things like lobster pounds and fiddleheads; the catching, cleaning and eating of cod caught off the peninsula; his love of herring and the wild violets at Chocolate Cove.

New Brunswick to him meant crags and fishermen, farmers and forests. It also meant late night gatherings with friends, talking long into the night about a variety of topics. Whether he was talking with artists, the press, or his political friends, Richard understood New Brunswick.

Honourable senators, he taught us very much. He taught us respect and compassion for those whose lives were difficult and less fortunate. He taught us tolerance and understanding within our two communities.

Richard loved political life, and he enjoyed his private life. He understood his province and his country better than any provincial political leader I have ever known. He enjoyed people wherever he was. He learned from them, as they learned from him.

I will especially remember Richard Hatfield for the very positive leadership that he gave our province. Political leaders can choose to give either positive or negative leadership. Richard, of course, chose the positive high road. He was not interested in the American system of plebiscite, polls and lobbyists affecting his decisions.

As I pointed out to some of my colleagues a week ago, when we give negative leadership we often look at the issue as a two-sided one. We have one side of the coin and others have the opposite side of the coin. Richard knew that major issues were never that simplistic. He chose to look at the major issues in New Brunswick as a many sided, multi-faceted prism. So he had to look at the arguments from all sides and from every angle of that prism. He would polish each side carefully. Once he understood the arguments and the issues on each of the various facets of the prism he then made up his mind; and he never backed away from his decision once he knew the direction in which he was going. Delegations might be screaming and shouting at him and marching in the streets, and the press might not be kind to him, but once he believed what he was doing he pursued that course. He pursued that course with the language policy in our province. He knew he was right. He also knew his responsibility as an elected politician in our Canadian system, that his responsibility was continually to

explain to the people to make them understand what the issues were all about.

In Canada we do not use plebiscites to determine how the world turns. We follow the British system, where the leaders learn their responsibilities and the issues and then go to the public, to teach, to talk to the people, to inform them of the issues.

New Brunswickers, like all Canadians, are reasonable people. So when that process is followed, they follow that positive leadership. It is easy to provide negative leadership. We can simply put our ear to the ground and say, "Oh, oh, that poll says that", or "maybe that we should have a plebiscite or something". It is a cop-out in our political system. So I thank him for the positive leadership that he gave our province, because it was so very important.

Honourable senators, like our oceans that he loved, and as with all of us, Richard Hatfield had his high and low tides, and, also like the oceans that he loved, he was a constant, refreshing force.

Richard Hatfield was devoted to the people of New Brunswick. He was compassionate and understanding. For me, working with him all those years—I sat with him in opposition for three years, then in government until I came here—it was a joy, because he knew the bottom line. He was always well prepared. On the development of social policy, especially in a province with very little money, it helps a lot when your leader understands what is needed. It was a joy to work with him.

Thank you, Richard, for helping us. Certainly we will miss you.

[*Translation*]

Hon. L. Norbert Thériault: Honourable senators, very briefly, I would like to pay tribute to the Honourable Richard Hatfield. I knew that whatever I wrote or said would already have been said or written by someone else this afternoon. I simply wish to join those who spoke previously in paying tribute to a man, a senator, who is no longer with us.

I knew Premier Richard Hatfield proably as well as if not better than anyone else in this Chamber. I sat with him in the legislature for about as long as Senator Robertson, which means about 20 years. I remember when he started his career in the legislature on the Opposition backbenches, when I started mine on the government backbenches. I watched his career progress.

I would like to mention two or three anecdotes from the time I sat in the legislature with him.

I remember the initial reaction of the Premier who went down to defeat in 1970. I must say that neither my colleague, Senator Robichaud, nor I were very sorry to lose the election. Many of my colleagues were. My leader was smiling as if he had won. I remember him telling me: If we have to be beaten, I would rather be beaten by Mr. Hatfield than by any other politician I know. So this was actually a compliment to Richard Hatfield.

Senator Robichaud knew as well as I did that the many programs we had introduced would not be cancelled by the Hatfield government. History bore this out.

I also dabbled in provincial politics for a number of years. As interim leader of myb party, I was invited by Mr. Hatfield to a federal-provincial conference which, I feel, reflected the fact that we knew and respected each other.

Perhaps I may add another anecdote for the benefit of Mr. Hatfield's colleagues here in this Chamber. During the first year of his term as Prime Minister, when the legislature was in session, Hatfield would see me in the hall and come up and talk to me. He would ask some questions, and we would have a friendly chat. Since this happened quite often, someone said that some of his colleagues might be rather jealous. They wondered why Richard Hatfield was so anxious to have these little talks. I know he did this out of friendship and also because he realized that I had had some experience in government.

However, it would be remiss of me if I did not say that Richard Hatfield did a great deal for New Brunswick. As was pointed out by previous speakers, he did a great deal, to make New Brunswick's linguistic communities understand the difference between the present situation in Fredericton, compared with what it was in 1960, when I was told in the street to "speak white".

When I attended the religious service for Richard Hatfield, I heard French spoken. I attended a number of religious services in Christ Cathedral when I was minister, when I was a member of the legislature and also when I was acting leader of my party. I never heard French spoken in the cathedral. This is good, when one is an Acadian, in New Brunswick. One feels the impact of the work of Richard Hatfield.

I must point out that I cannot say that he was the greatest premier of New Brunswick. In my opinion, that premier is still around.

I join my colleagues, and especially his colleagues, who will miss him, and all my English-speaking and Acadian colleagues and friends whom I met at Mr. Hatfield's memorial service, in extending the condolences of all Acadians and residents of New Brunswick. We were lucky to have Richard Hatfield as our premier.

● (1440)

[*English*]

Hon. Norman K. Atkins: Honourable senators, I, too, want to talk about Richard Hatfield.

I often wondered why he was so revered by the media, which has written so generously of him since his death. To me, the answer is simple: He was one of those rare public figures to whom candour and honesty were seen as just that by men and women whose business it is to detect a phoney. Richard was no phoney, and they knew it.

I met him 40 years ago when we were both students of the political process. One of our first jobs was tending bar in a hospitality suite. Obviously, no job was too large or too small for us to take on. From time to time, when we were students at

Acadia University, I marvelled at his curiosity and interest in so many different aspects of life and his genuine feeling for people, his family and friends. He especially loved children and always took the time to follow with interest the young people he came to know. It was as if he were the Pied Piper.

Richard was a visionary. Some would say he was ahead of his time. But he was prepared to take risks, to introduce reforms and to make changes if he thought they would ultimately benefit the people he served. He was only partisan when he was determined in the causes that he pursued, but he always kept things in perspective and, rather than polarize situations, he simply let them play out until people came around to his point of view. I remember in particular—and it was mentioned by Senator Simard—the situation in Fredericton over the French Cultural Centre that was eventually built. There was a lot of resistance to it from some people in his government and caucus, as well as from people in the city itself. But Richard's good judgment prevailed and the centre is now flourishing to the delight of francophones in southern New Brunswick.

As Dalton Camp wrote in a recent article: "What impressed some of us, who were among his friends, was his tolerance for his opponents and his nearly total obliviousness to his critics." It seems that everyone who knew Richard, both friend and foe, had his own favourite story to tell about him. Only now are we beginning to hear some wonderful tales of his generosity and his adventures.

Richard came to the assistance of many people who needed help—more than anyone will ever know. He would always find a way to be helpful, doing so as a thoughtful gesture and never expecting any credit or acknowledgement. That is why it was not surprising to see so many people turn out for the memorial service in Fredericton. Yes, there were many notables in attendance, but there were also many others, whom he had known and assisted over the years, who simply wanted to pay their respects to their friend. It was not only a memorial—it was a celebration.

Last summer I spent hours with Richard sitting on my porch at Robertson's Point. It was such a great pleasure to have that time with him, and it was really a lot of fun too. At that time, as he reflected on many things, including his election defeat in 1987, I had a feeling that he was relaxed and at peace with himself. I believe that what bothered Richard the most about losing the election was that so many members and candidates, who were his colleagues, had paid the price for their loyalty to him.

He was looking forward to his impending appointment to the Senate and was curious to find out as much as he could about what he should expect. To me it was obvious that he wanted to get on with his life and was ready to make a useful—maybe unique—contribution to this honourable chamber at this historic time.

Honourable senators, Richard loved New Brunswick and he loved New Brunswickers. He believed that New Brunswick could and would set an example for people in other parts of Canada, and he hoped that the country would find the way to remain united.

Richard Hatfield has made a difference. He will be remembered as one who "was there," and I suspect that, apart from the incredible contribution he made to public life, he will become an important part of New Brunswick folklore. For that, I am sure, he has to be smiling.

Hon. Senators: Hear, hear.

• (1450)

Hon. Noel A. Kinsella: Honourable senators, the fact that our late colleague and friend, the Honourable Richard Hatfield, began his life's journey on the banks of the Saint John River at Hartland in our province of New Brunswick, and that his voyage concluded here in Ottawa along the banks of the Rideau is, I believe, but another symbol of his deep roots, great care, and great love not only for New Brunswick but for Canada. Having been the human rights commissioner for our province when Richard Hatfield succeeded our colleague Senator Robichaud as Premier, it was my privilege to work closely with Richard in the areas of equality rights and social justice. As one of his advisors on the patriation of the Constitution and the Charter, I, like so many others, became accustomed to briefings anytime after 11 p.m. at night, whether at Elmcroft Court in Fredericton or his court on the top floor of the Four Seasons here in Ottawa.

Honourable senators, it was clear to Richard that we must continue to build Canada on the foundation rock of democratic values and the principles of human rights. He never hesitated to defend and promote the linguistic rights of the Acadian community, for he saw these rights as Canadian rights. The black community in Saint John and Fredericton also knew they had a great friend in the premier. Our Maliseet and Micmac communities and peoples saw him as their brother and honoured him with the title of Chief Rolling Thunder.

His curiosity, which was remarked upon by so many, was highlighted for me when I was Vice-Rector of the University in Fredericton. We had invited His Holiness the Dalai Lama of Tibet to the graduation ceremony, and at the graduation dinner we observed Richard, leg folded underneath himself on the chair, deeply engrossed in conversation with His Holiness the Dalai Lama, seeking an explanation of the mystery of how the Dalai Lama was the fourteenth reincarnation of the Buddha.

Honourable senators, his vision of Canada was the generous vision. He understood that there are many ways of being Canadian. So the distinctiveness of Quebec was easy for Richard to embrace. He recognized that the values underlying our citizenship are common to many democratic nations. However, he was comfortable in the realization that in Canada we express them in a way that is uniquely our own—indeed, they can only be our own—and are influenced by our individual and collective experience. For Richard, as Senator Robertson indicated a few moments ago, in his own words there were the influencing memories of the lobster pounds, the fiddleheads, the new potatoes, Miscou Island, the Tracadie Wharf,

Donat Lacroix, the Maliseets and the Micmacs. There was also his comment that "it does not matter where you come from, if you call New Brunswick my place, mon foyer."

Yes, honourable senators, Richard taught us that we Canadians have more in common with each other, notwithstanding the richness of our diverse memories and experiences; that we have more in common with each other from sea to sea to sea. So, it is proper that the record of this honourable chamber should reflect our tribute to him.

Hon. Roméo LeBlanc: Honourable senators, I should like to add a few words to what has been said about our former colleague, whom I still call Premier Hatfield. My acquaintance with Senator Hatfield began well before our political careers, when I was teaching in Fredericton in the late 1950s. I think the man who introduced us to each other was our good old political friend, Ralph Hay. In fact, it is perhaps as Minister for New Brunswick for a number of years that I worked most closely with him.

[*Translation*]

Through my frequent contacts as a minister in the service of our common province, I very quickly came to the conclusion that our partisan role and our duty to serve our fellow citizens should not, at all costs, rub off on one another.

We went through some difficult situations, like the creation of school centres—and I think in particular of the one in Fredericton which our colleague Senator Atkins touched upon, but also of the lesson we learned from the difficulties we experienced when we had to do the same in St. John and in Chatham-Newcastle. Finally, all this has been possible because we had established a relationship of mutual respect and trust which allowed us to work together, even sometimes when it was not very comfortable for our own people on either side.

[*English*]

A number of times I was proud to hear Premier Hatfield speak for me as a New Brunswicker, but it was his plea for understanding of the impatience of the native peoples of our country which moved me the most. I have always thought of my province of New Brunswick as a rather special place, but I think that feeling owes a lot to the fact that for more than 25 years New Brunswick was privileged to be led by premiers such as Louis Robichaud and Richard Hatfield.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on an occasion like this, and in the presence of such impressive tributes to such an impressive political life, it is difficult to avoid superfluity. I did not know Richard Hatfield very well. We were not friends. I would not say that we were even friendly, although not unfriendly. So I do not speak from the depth of knowledge and friendship that some of you have.

However, I do ask your indulgence to allow me to record one very vivid personal memory I have of him, when I was a member of the Laurendeau-Dunton Commission on bilingualism and biculturalism. Some of the commissioners, including Gertrude Laing and, I believe, Jean Marchand—and I am not sure whether or not Mr. Laurendeau was there—went to visit provincial capitals. My recollection is that at that time Mr. Van Horne was the leader of the Liberal Party.

Some Hon. Senators: Oh, oh!

Senator Frith: I should say of the Conservative Party.

An Hon. Senator: What a mistake!

Senator Frith: Certainly, the record will show that I made a mistake. I do not recall very vividly any pleasant memories as to Mr. Van Horne's attitude towards the work of the commission, but I do have very vivid and positive memories of the attitude of Mr. Hatfield at that time, and that was perhaps the cause of my mistake, because I went away thinking—and honourable senators will forgive me for remembering him this way—of his having a very liberal approach to politics in general and to the question of bilingualism and biculturalism in particular. He made a very strong impression on all of us. That would be, I suppose, some 25 years ago.

● (1500)

He was a young man but, as those of you who have spoken today have shown, even then a very impressive politician. I am glad to have heard Senator Murray and others mention his collaboration with Senator Robichaud in the historically important declaration of New Brunswick as the only bilingual province. That took place before the commission's report and it is impossible to measure the momentum it added to the commission's work.

I am glad to have heard today in detail, what I had observed from a greater distance, how that initial first impression of the beginnings of a distinguished and important political career was justified by his later life. So, I thank you for letting me add this modest wreath to the monument his friends and admirers have built for him today.

Hon. senators: Hear! Hear!

Hon. John Buchanan: Mr. Speaker and honourable senators, just a few words to add my tribute to those that have already been made on the passing of our late colleague, Richard Hatfield. I believe those of you who were present at the memorial service a week Friday past would agree that it was rather an extraordinary service in that it was a manifestation of Richard Hatfield's life. The people who were there spoke about his life in terms of one who understood New Brunswick, who understood people, who understood minority groups and who understood Canada. It was, as Senator Atkins mentioned, a celebration. It was a unique tribute to a unique politician.

I knew Richard for over 30 years. I sat with him for about 10 years around the table of the Council of Maritime Premiers, at federal provincial conferences of all kinds, conferences of the New England governors and Atlantic premiers. I know from personal knowledge that his experience in public life, gained over 25 years, ensured that his comments were listened to by premiers and prime ministers from 1970 to 1987.

Richard Hatfield made extraordinary and very positive contributions to federal-provincial conferences on the economy,

and more particularly with respect to the constitution. His contributions to Canada certainly have earned him a place in Canadian history. He was a fervent New Brunswicker and a fervent Canadian. He understood this country. He understood it probably better than many of us who sat around those same tables for many years.

Richard endeared himself to the Acadians, not only of New Brunswick but of Nova Scotia and P.E.I. He was always a champion of their linguistic and cultural rights. That, of course, is manifested in legislation, not only in New Brunswick but in Nova Scotia and P.E.I.

Senator Atkins has said that many stories could be told about Richard, and there are many of us who could relate those stories. I recall one that indicated how unique and wonderful this man was. At Christmas a few years back, the CBC had a conference call set up for the maritime premiers to discuss how we were to spend Christmas. Angus MacLean, the premier of P.E.I, myself and Richard were on this four-way hook-up with CBC. Premier MacLean was asked, "How will you be spending Christmas, Premier MacLean?" and Angus said, "Well, in the traditional way. I will be spending Christmas on my farm with my family, and doing the things that we have been doing for years at Christmas". They then asked me the same question, and I said, "Well, I will be at home before Christmas, on Christmas Day and after Christmas, visiting friends and doing the traditional things such as going to church on Christmas Eve, and eating turkey and everything that makes Christmas the wonderful time it is." Then the commentator said, "Premier Hatfield, what about you? Where will you be spending Christmas?", and Richard's answer was typical. He said, "I am not going to tell you where I am spending Christmas. I told you last year I was going to Morocco and you broadcast it all over North America. So this year I am not telling you". That was very typical of Richard Hatfield.

Richard Hatfield, statesman, politician, fervent Canadian — some have already said he was preparing to work again from this chamber for his native New Brunswick and for Canada. The unity of Canada was always uppermost in his mind, and he will be missed.

Hon. senators: Hear! Hear!

Hon. James W. Ross: Honourable senators, I would like to join colleagues in this tribute to Richard Hatfield, a friend and a leader whom I admired enormously. It was Richard Hatfield, along with former Premier Robichaud before him, who launched my province of New Brunswick into the modern era, and who brought about so many measures for social, political and constitutional betterment that others now seek to follow his vision.

I do not intend to give an appreciation of Richard Hatfield's life and political accomplishments. I would rather mention some of the qualities of character which made him stand out as unique among the public figures I have known and worked with over the years. Richard had a mental toughness which enabled him to endure misfortune and even personal tragedy without being discouraged or bitter. He had the wonderful ability to think things through and an aptitude for politics which placed him far ahead of his peers. He had a joy for living which was not changed by success nor dimmed by failure. Most of all he had a generosity of spirit that enabled him to keep in focus the big picture, the global view of all our needs and aspirations as Canadians living in New Brunswick.

It was well known that Richard was easily bored with detail, but he did not allow himself to get bogged down and very ably kept his focus on the real stuff of political leadership, setting the course, inspiring his people and caring deeply about the ordinary circumstances of the countless New Brunswickers and Canadians who came to know him simply as Richard.

As gifted and as worldly as Richard was, there was no M.L.A. who knew his constituency and the life of his people so well. His big heart was affected by what happened to his Carleton County neighbours: those who were sick, those who might have lost their jobs or their potato crops, those who could not get by on their pensions or those who just needed a word or a card of encouragement.

Thus we are paying tribute to a man who served Carleton County and Canada faithfully and well. Most of his life was spent in public service. Although some of it was spent fending off storms of criticism and hostility, Richard was able to rise above it all and achieve his main goals of helping to build a New Brunswick and a Canada characterized by fairness, justice and understanding.

• (1510)

Richard was, to my mind, an extremely forgiving man. In fact, it always amazed me just how forgiving and understanding he was of those who were attacking or criticizing him. I admired him greatly for that.

Richard Hatfield was one of the greatest New Brunswickers we have known. His inspiration survives and will grow into the future as we reflect on his truly outstanding qualities and accomplishments.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): I have the honour to inform the Senate that the petitions against the GST continue to arrive with regularity at my office. The first is from Alberta and contains 23 names from Grimshaw, Fairview, Peace River and Manning. This is again citizens of Canada petitioning senators and MPs to do everything possible to abolish the new goods and services tax and to demand a general election immediately.

The same wording is on one petition from Grand Falls and Campbellton, New Brunswick, containing 11 names. From Quebec there are 14 petitions petitioning us to do the same as the previous petitions have. They are from Montreal, Laval, Aylmer, Faberville, Senneterne, Barrante, Malartic, Val D'or, Riviere-Heva, St. Edmond, Alma, St. Leonard, Didyme, Normandin, Granby, Rougemont, Palmarolle and Saint-Laurent.

In this batch there are approximately 275 names. The number of Canadian petitioners I am presenting to honourable senators today totals approximately 310.

CONSTITUTIONAL ACT, 1791

NOTICE OF INQUIRY

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I give notice that on Thursday next, May 16, 1991, I will call the attention of the Senate to the 200th anniversary of a most significant event in Canadian constitutional history, namely the passage of the Constitutional Act, 1791, and the advisability of making a request to the British government that the record copy of the Constitutional Act, 1791, be permanently in the keeping of Canada.

VIOLENCE AGAINST WOMEN IN CANADIAN SOCIETY

NOTICE OF INQUIRY

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I give notice that on Thursday next, May 16, 1991, I will call the attention of the Senate to violence against women in Canadian society and the desirability of investigation of the subject by a Senate committee.

THE CONSTITUTION

APPOINTMENT OF SPECIAL JOINT COMMITTEE ON AMENDING FORMULAE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*h*) I move:

That a Special Joint Committee of the Senate and of the House of Commons be appointed to consult broadly with Canadians and inquire into and report upon the process for amending the Constitution of Canada, including, where appropriate, proposals for amending one or more of the amending formulae, with particular reference to:

(i) the role of the Canadian public in the process;

(ii) the effectiveness of the existing process and formulae for securing constitutional amendments; and

(iii) alternatives to the current process and formulae, including those set out in the discussion paper prepared by the Government of Canada entitled "Amending the Constitution of Canada";

That five Members of the Senate and twelve Members of the House of Commons be the Members of the Special Joint Committee;

That, notwithstanding Rule 66, the Honourable Senators Beaudoin, Comeau, Gigantès, Kirby and Nurgitz act on behalf of the Senate as members of the Committee;

That the Committee have the power to appoint from among its members such sub-committees as may be deemed advisable, and to delegate to such sub-committees all or any of their powers except the power to report directly to the Senate;

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

That the Committee, or a sub-committee, have power to travel, and hold public hearings, within Canada;

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

That the Committee be empowered to authorize television and radio broadcasting, as it deems appropriate, of any or all of its proceedings or of proceedings of its sub-committees, pursuant to the principles and practices governing the broadcasting of the proceedings of the House of Commons;

That the parties represented on the Committee be granted allocations for expert assistance with the Committee work in proportion to the representation of the said parties in the House of Commons;

That the Committee be empowered to retain the service of professional, clerical and stenographic staff as deemed advisable by the Joint Chairmen;

That the papers and evidence received and taken on the subject during the Second Session of the Thirty-Fourth Parliament be referred to the Committee;

That the Committee submit its report not later than July 1, 1991, provided that, if the Senate is not then sitting, the report will be deemed submitted on the day such report is deposited with the Clerk of the Senate and with the Clerk of the House of Commons;

That changes in membership of the Committee for Members of the House of Commons be effective immediately after notification thereof, signed by the Member acting as Chief Whip of any recognized party, has been filed with the Clerk of the Committee;

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

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

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

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with respect to the adjournment motion, the motion is that we adjourn today and meet again on Tuesday next. The reason for that is that I have no indication that anyone else on either side wishes to participate after the address and reply to the Throne Speech is moved and seconded today. This certainly does not preclude anyone from participating next week or whenever.

Therefore, since there is obviously no legislation coming from the other place, a new session having just started, with leave of the Senate and notwithstanding rule 45(1)(*g*) I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 21st May, 1991, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

INVESTMENT CANADA

REQUEST FOR INFORMATION RESPECTING FOREIGN TAKEOVERS OF NEW BUSINESSES

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate which he will not have an answer for and which I could have put on the Order Paper in written form, but it will have the same effect because it is information I want him to get from a colleague.

As a brief preamble to explain its context, I have been following, as many other senators have, no doubt, the information from Investment Canada about decisions, notifications and acquisitions of new businesses. Will he obtain from his responsible colleague the total of foreign takeovers by acquisition of new businesses per annum since 1984 and the percentage of Canadian-owned versus foreign-owned businesses that result from those totals.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will try to obtain that information for my honourable friend.

THE SENATE

EFFECT OF PROROGATION ON DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. Prior to prorogation there were a number of questions put to him, of which he took notice, and he promised that he would reply in due course. Are those questions now off the record? Do we have to start all over again?

[The Hon. the Speaker.]

Hon. Lowell Murray (Leader of the Government): No, honourable senators. While motions and written questions, and so forth, disappear with prorogation, I have taken the position that outstanding oral questions, and indeed one outstanding written question, should be answered. As a matter of fact, Senator Doody has some delayed answers today.

PARLIAMENT HILL

PRESENCE OF METAL BARRIERS FACING PARLIAMENT BUILDINGS

Hon. Eymard G. Corbin: Honourable senators, I would like to ask the Leader of the Government if we are to have as a permanent feature on the hill those metal gates or barriers next to the sidewalk facing the Parliament buildings. They have been in place for some time and many people find them rather annoying. It gives the impression to the public that this place is under permanent siege. I am not sure the leader knows of what items I am speaking, but there are "bedsteads" right across the main thoroughfare in front of the building. It seems to me that there is no need for that on Parliament Hill.

This is one of the homes of democracy in Canada. Not only is it not pleasing to see those fixtures there on a permanent basis, but I question whether their very existence on that spot is justified. Are threats, terrorist or otherwise, of such a nature that we must maintain those gates there on a permanent basis? If not, why not have them removed?

• (1520)

Hon. Royce Frith (Deputy Leader of the Opposition): They are barricades; they are not gates.

Hon. Lowell Murray (Leader of the Government): Honourable senators, this is the kind of question that might appropriately be discussed by the Standing Committee on Internal Economy when it is reconstituted. I trust the members of that committee have taken good notes of Senator Corbin's intervention.

Senator Corbin: Honourable senators, it is more than just a matter for the Internal Economy committee. In fact, the Internal Economy committee has no jurisdiction whatsoever outside the perimeters of the Senate proper. Public Works Canada, the National Capital Commission, the RCMP and assorted other bodies administer the precincts of Parliament Hill, as we have been led to understand in the Internal Economy committee.

The point I want to make is that we are not a police state. I have yet to see justification for maintaining those barricades day in and day out and having squads of RCMP special battalions waiting on the sidelines at the back of the Senate every time a group of Canadians want to manifest their opinions here on the hill. What is the justification for that? We did not have that situation in the past. If there is justifica-

tion, the government might perhaps take us into its confidence and explain those matters to us.

I do not like to see the way Parliament Hill is going. There was a time when members of Parliament were not allowed to park their cars in front of the buildings near the East Block; but now everyone does it. On the other hand, we have these barricades there—but to remind us of what? What is it that bothers the enforcement or law authorities that justifies them in maintaining those barricades in place permanently? Surely not only I as a senator but also Parliament deserves an answer to that?

Senator Murray: Honourable senators, I appreciate the points made by my honourable friend. I could undertake to pursue the matter by obtaining a reply or a commentary from the appropriate minister or ministers. I do, however, revert to my earlier suggestion that the Internal Economy committee is a good forum in which to discuss the matter. It is something that concerns both houses of Parliament, and the chairman of the committee may wish to consult with his counterparts in the other place. Upon consideration, the committee itself may wish to make recommendations. It simply occurs to me that we could go into the matter in more detail and more satisfactorily in a forum such as the Standing Committee on Internal Economy. But, if my friend wishes, I can send an inquiry forward and see what it elicits. However, I think that what such a process will do is simply give rise to further questions and inquiries.

Senator Corbin: Well, honourable senators, why not? This is a place for debate. But if the Leader of the Government would make an inquiry, I would appreciate it. I am sure that if he were sitting in this place as a private member, the sort of situation that we are facing now out there would raise his eyebrows as well as mine.

IMMIGRATION

LANDED IMMIGRANT STATUS—GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate whether there is a so-called legal fast-track procedure to expedite applications for landed immigrant status by people seeking to come to live in Canada.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not aware of any.

Senator Haidasz: Could the Leader of the Government in the Senate then tell us why Mohammed al-Mashat, a former Iraqi ambassador to Washington, was able to come to Canada and, before doing so, received landed immigrant status in a short time?

Senator Murray: Honourable senators, this matter was the subject of a very full statement made this morning by my colleague, Mr. Valcourt, the Minister of Employment and Immigration. Mr. Valcourt's statement was accompanied by a detailed recitation of the facts and chronology of the events which led up to the former ambassador's admission to Canada. I will be glad to obtain the statement and the chronology and table it in this place at an early date.

Senator Haidasz: Honourable senators, can the Leader of the Government in the Senate tell us this afternoon whether there was a mistake made by anyone that has initiated this fast-track procedure for Mohammed al-Mashat and his family, and allowed them to come to Canada as landed immigrants?

Senator Murray: Honourable senators, I think my friend would be better advised to read the statement that my colleague, Mr. Valcourt, has made and the recitation of facts and chronology which accompanied the statement.

There have been some anomalies associated with this situation, in particular the fact that responsible ministers were not advised in a timely manner of what was going on. But all this is dealt with in some detail in Mr. Valcourt's statement and the accompanying document.

Senator Haidasz: Could the minister tell us "yes" or "no" as to whether the landed immigrant status of Mohammed al-Mashat and his family is legal. That is, could he tell us whether their landed immigrant status is legal—in other words, whether everything was done according to the laws of Canada.

Senator Murray: The answer to that question is in the affirmative.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have several delayed answers to questions. I would ask that these answers be printed as part of today's proceedings, and I have duplicate answers for distribution to the senators.

AGRICULTURE

PRINCE EDWARD ISLAND AND NEW BRUNSWICK POTATO—ERADICATION OF VIRUS—FINANCIAL SUPPORT—GOVERNMENT POLICY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised in the Senate on April 9, 1991, by the Honourable Lorne Bonnell regarding Agriculture—Prince Edward Island and New Brunswick Potato Farmers—Eradication of Virus—Financial Support—Government Policy.

(*The answer follows:*)

On April 30, 1991, an agreement was reached between Agriculture Minister Bill McKnight and the provincial Minister of Agriculture for Prince Edward Island, Keith Milligan, on the elements of a harmonized compensation program for potato growers affected by the PVYn virus eradication program.

The compensation package of $7.9 million, which was announced in March, will be increased. Agriculture

Canada will assume the costs of the composting program developed by the province to eliminate infected and suspect lots. Agriculture Canada will also compensate growers for losses within zones 1-4 which resulted from restrictions of movement of P.E.I. seed. Growers who lost access to traditional United States markets will also be compensated.

P.E.I.'s involvement in the compensation program will focus on promotional activities designed to re-establish confidence in P.E.I. seed, and this has already started. The province will also compensate growers for a portion of transportation losses incurred as a result of restrictions on P.E.I. seed.

THE BUDGET

CUTS TO GRANTS AND CONTRIBUTIONS—PROGRESS OF REVIEW COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on April 9, 1991 by the Honourable Lorna Marsden regarding The Budget, 1991—Cuts to Grants and Contributions—Progress of Review Committee.

(*The answer follows:*)

The review of the federal grants and contributions currently being undertaken by the Honourable Harvie Andre is before the Federal Cabinet. The Government expects to complete its exercise as soon as possible.

TRANSPORT

DE HAVILLAND AIRCRAFT COMPANY—SALE TO EUROPEAN CONSORTIUM

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on April 10, 1991, by the Honourable Peter Bosa regarding Transport—de Havilland Aircraft Company—Sale to European Consortium.

(*The answer follows:*)

The Government announced its privatization program in the "Agenda for Economic Renewal" in November 1984. The program is built around three goals: to manage Crown-owned assets more efficiently; to make markets more competitive and fair; and to offer new opportunities for Canadians to share in the growth of these companies. Crown-owned de Havilland was analyzed and assessed as a company that could be better managed and more efficiently run by private owners. The aircraft industry is a dynamic and risky activity that requires aggressive and knowledgeable managers. Boeing was selected as the best candidate from among the many buyers that expressed an interest in de Havilland.

The French and Italian governments also have privatization programs, but have chosen to maintain state ownership of their aerospace conglomerates. Both these countries have historically had higher levels of state ownership than Canada and are moving first to privatize state-owned enterprises that are key to their respective industrial infrastructures. There is a general move in Europe to reduce the amount of government subsidies and support provided to aircraft companies. This may be the first step in a general move to reduce government intervention in the aircraft industry.

It is interesting to note that Alenia is about onethird owned by private parties and has shares that trade on the Italian stock market. This has brought some of the discipline of the marketplace to bear on the operations and management of Alenia.

On December 1985, the government announced the features of the sale, in addition to the price of $155 million. They included the following undertakings:

—to keep de Havilland in Ontario;

—to pay royalties on existing products;

—to assign de Havilland a world product mandate with respect to its commuter products;

—to develop new activity at de Havilland and to work with Canadian suppliers all across the country;

—to conduct new R&D;

—to develop new products and make maximum use of existing facilities and manpower at de Havilland;

—and, to develop de Havilland's defence-related production capacity.

Boeing is a private U.S. company and can conduct its business in Canada as it sees fit, subject to Canadian laws and regulations.

The *Investment Canada Act* requires that specific types of foreign investments be reviewed to determine whether they will yield net benefit to Canada. In the case of the proposed Aerospatiale/Alenia acquisition of Boeing Canada's de Havilland Division, a review would be required. However, an application for review has not yet been filed by the two European companies.

A review of such a transaction would take the form of a comprehensive and rigorous analysis of the direct and indirect impacts of the business plan that the investors would develop for the consideration of the Government. Aerospatiale and Alenia have had meetings with government officials to assist them in developing plans and undertakings that would fully satisfy the net benefit test.

TRANSPORT

DE HAVILLAND AIRCRAFT COMPANY—JOB PROTECTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on April 10, 1991, by the Honourable Peter Bosa regarding Transport—de Havilland Aircraft Company—Job Protection.

(*The answer follows:*)

The Government is interested in obtaining the best possible deal for everyone concerned with the de Havilland transaction. However, it cannot, nor can any government guarantee every job under all circumstances.

TRANSPORT

DE HAVILLAND AIRCRAFT COMPANY—OFFER TO PURCHASE BY BRITISH COMPANY—CONSIDERATION BY INVESTMENT CANADA

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on April 10, 1991 by the Honourable George van Roggen regarding de Havilland Aircraft Company—Offer To Purchase By British Company—Consideration By Investment Canada.

(*The answer follows:*)

Investment Canada reviews transactions once an agreement has been reached between the investor and vendor, and once the investor files an application for review. While the purchase agreement between Aerospatiale/Alenia and Boeing was announced by the three parties on April 10, 1991, they have not yet filed an application for review under the Investment Canada Act.

British Aerospace has announced publicly that it was ready to make a bid for de Havilland, but that Boeing could not discuss the matter since the U.S. company had signed an exclusivity agreement with Aerospatiale and Alenia. British Aerospace, or any other interested buyer, can make representations to Investment Canada setting out how they would conduct the operations of de Havilland were they given an opportunity to acquire the company.

• (1530)

FORESTRY

PLIGHT OF FOREST PRODUCTS INDUSTRY—NOTICE OF INQUIRY

Hon. Raymond J. Perrault: Honourable senators, with leave, I give notice that on Thursday next I will call the attention of the Senate to the plight of the forest products industry in British Columbia and in certain other areas of Canada.

[*Translation*]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

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

Hon. Thérèse Lavoie-Roux, seconded by the Honourable Senator Meighen, moved:

That the following Address be presented to His Excellency the Governor General of Canada:

To His Excellency the Right Honourable Ramon John Hnatyshyn, a Member of the Queen's Privy Council for Canada, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit, One of Her Majesty's Counsel learned in the law, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

She said: Honourable senators, first of all, allow me to thank my colleagues for entrusting me with the task of presenting the motion for address in reply to the Speech from the Throne.

Honourable senators, some have called this Speech extremely ambitious for a government which is already half way into its mandate. Others would have wished for more details on the government plan of action to achieve its goals. It should be noted, as those of you who are familiar with this British parliamentary tradition know full well, that a Speech from the Throne sets the general policy the government wants to follow for a given time taking into account the prevailing political, social and economic conditions.

On this subject, I think we would all agree that the Constitution, the economy and government efficiency are priority issues in the eyes of the Canadian people. Of course, these are not abstract concepts. Quite the contrary, very concrete problems crop up in connection with them which require an immediate solution. Otherwise, the realization of the key goals will be jeopardized. That is why changing negative attitudes is as important to resolving the constitutional deadlock as cutting illiteracy is to improving our economic performance and working towards eliminating many social problems.

The general policy of government comes as no surprise. It flows from other government actions undertaken several years ago.

When it came into office in 1984, this government inherited a major constitutional problem that could not be ignored. The dangerous state of our national finances also required both a courageous and vigorous adjustment. This government did not shy away from its responsibilities, in spite of the disappointing results on the constitutional issue in particular, especially considering the efforts that were put in. Today however, I think the government must be congratulated on resisting the temptation to set out on a course that might be beneficial in the short term because they would bring in more votes in an election, but would inevitably plunge the country into nearly insolvable financial and social problems. The choice the government is making takes clear-thinking and a sense of responsibility, but the challenges are nonetheless tremendous.

The first part of the Speech deals with Canadian unity. It states that "This session will be a turning point in Canadian

history. Let no one doubt the seriousness of the challenges we face as a country." Having myself taken part in discussions on the Constitution in others provinces on a number of occasions in the past few months, I share the feeling that the challenge of achieving an agreement that will bring round all Canadians is tremendous. There is too little understanding and too much agressivity for that. Partisanship, waiting games, indifference, a schedule that is likely too tight, public services that will insist to either give nothing up or make gains, will all hinder the formulation of solutions. Some will criticize the government for not having made public its position on the constitutional issue yesterday, as if it could have layed one down when the various commissions set up by the provinces are not done with their investigations. The idea is not to make the people dig in their heels, but to respect their progress while keeping in mind the urgency of the situation. Would it be too much to ask from the Quebecers to show some flexibility with regard to the timetable they have set? Because this timetable will be almost impossible to respect unless they are willing to show flexibility in the face of a significant and contructive movement in the rest of Canada.

As much as we can undertand its impatience, would it not be better for Quebec in the long run to show it is also capable of flexibility, without going as far as accepting stagnation or giving up its aspirations and reneging on its obligations as the only predominantly francophone society in North America. I think it is fair to say that, both in the Allaire Committee and in the Bélanger-Campeau Commission, many participants would have liked for the deadline to be 1993. As things stand, a piece of legislation to be tabled before the national assembly today or tomorrow will confirm October 1992 as the possible date for a referendum.

Meanwhile, the government of Canada did not remain inactive. As the citizen's forum on the future of Quebec and the Special Joint Committee, led by our honourable colleague Senator Beaudoin, on the process of amending the Constitution are about to table their reports, a group of senior officials is at work, examining the division of powers between the federal government and the provinces.

[*English*]

Furthermore, these actions taken so far are the result of the direction the Prime Minister indicated in December, 1990 in an address he delivered in Buckingham, and I quote:

> I believe that the challenge of re-Confederation can be just as positive in 1990 as it was in 1867 when the original founders and builders of this country accomplished their great work. We should not be afraid to take a new look at what is best done by the federal government and what by the provinces—what we want to do together, and what we prefer to do separately. The distribution of powers devised by the Fathers of Confederation admirably suited Canada's needs for many years. It is entirely appropriate to review this to determine how best Canada can accommodate new realities internally while preparing to confront ferocious international competition for investment, technology, trade and prosperity. And negotiations surrounding such changes are of necessity a two-way street. But we must never forget that this is a vast and diverse country and we do not want everything run from Ottawa—which is often perceived as remote and isolated from the concerns of Canadians. On many questions the voices of the regions should be encouraged and not ignored . . . promoted and not stifled. I believe in a modern and flexible federalism, a federalism that reflects the true diversity of Canada. Ottawa cannot claim to know all or control every field. I have absolutely no doubt that we can achieve substantial savings—to pass on to taxpayers—

That's what everyone wishes—

> —by eliminating the waste and inefficiency resulting from the duplication and overlapping of federal and provincial programs. Nor do I doubt that significant changes in the division of powers could accommodate the legitimate aspirations of the provinces, make our system more efficient and move decision-making to the people.

● (1540)

[*Translation*]

I think that we can find in the Prime Minister's address and in the Speech from the Throne relatively precise indications or meaningful signals about the Government's intentions.

Finally, even if the people of Quebec felt very bitter about the Meech Lake failure, one must not forget that an overview of Quebec history shows that it is based on a will to be united with the rest of Canada, together with a desire to be more autonomous in the areas of activity essential for the enhancement of its identity and its culture. The Speech from the Throne, in fact, indicates that the unique nature of Quebec must be expressed while acknowledging the specific interests of the West, the Atlantic, Ontario, the North and the native Canadians.

Some people seem prompt to blame the Prime Minister of Canada for his decision to make this round of négotiations a Canadian round and not just a Quebec round. I think I agree with this approach, when we consider an in-depth reorganization of the federal system.

The Speech from the Throne also indicates that certain reforms may be made by adopting legislation or policies, a clear indication that at the administrative level, significant and substantial progress may be made. At least, that is my interpretation, while others will demand changes in attitudes or amendments to our Constitution. The three groups I mentioned earlier have set the stage for the next phase.

In concluding my comments on the important issue of national unity, I hope that the non-partisan stance now apparently being taken by the Official Opposition and the New Democratic Party to give these plans to save the country a chance to succeed, will be maintained. I also hope that those who will be responsible for the joint committee of Parliament mentioned in the Speech from the Throne will be able to work to a tighter schedule.

I believe that waiting till 1992 to submit a proposal that will certainly elicit a certain reaction and then be revised to

produce what may be a better version, leaves us very little time, if we consider that we would have from February until October, including the summer, which is not always a very good time for discussions. In any case, that would be my request to those who will be responsible for this joint committee.

The government has linked national unity to a vigorous economy. Amending the Constitution is not enough to achieve national unity. A vigorous economy is also a factor of unity, and conversely, unity is a factor of prosperity.

In fact, some people agree that the present uncertain constitutional climate is not favourable to investment. Furthermore, the federal government, which introduced severe restraint measures to put public finances on a sound base, including measures that will have an impact at the provincial level, has aroused feelings of frusration which are the source of much of the conflict between both levels of government. In so far as the federal government applies these budgetary cutbacks to itself and introduces measures to make its own administration more effective, I think that the sustained efforts by the government to reduce its cumulative deficit should be recognized as positive and necessary measures. However, this is not enough. The government wants to maintain and develop Canada as a player able to compete on world markets, by creating the right conditions for being competitive and opening world markets for our products.

Many economists, who are far better qualified than I am, have produced studies on the subject or have made countless suggestions about what should be done to revive the Canadian economy's weak productivity, which has been recognized by a number of people, including a journalist writing for a business magazine, who remarked:

> The general refrain is: Canada is no longer competitive. So we have to find a culprit: the value of the dollar, the national debt, and high wages.

However, I would like to refer to Mrs. Sylvia Ostry, a former director of economic and statistical studies at the OECD, who anlaysed the Canadian economy's performance.

Between 1960 and 1973, Canada followed about the same course as other industrialized countries. In the 1980s, while productivity increased by 0.6% to 0.9% in other OECD countries, it only rose by 0.2% a year in Canada. Of course, according to Mrs. Ostry, that can be explained by the high value of the Canadian dollar, our national debt, high wages, etc. But she thinks we mostly lag behind in technology development and acquisition. She also suggests two ways to correct that: firstly, by purchasing physical technology, that is machinery, and secondly, by gaining knowledge.

This can be done through research and development, but also by obtaining licenses and results of various public scientific research, and purchasing other technology-oriented companies. Training, integration of software in the working process and improved marketing can also help.

According to Mrs. Ostry, Canadian companies have a serious deficiency in that area. They have hardly increased their research and development effort over the last 25 years, while their competitors greatly intensified theirs. The total number of R-D projects in Canada barely amounts to a third of what is being done in other countries, such as Japan, Germany, Sweden, and even South Korea. We even have fewer than in India!

Again, according to Mrs. Ostry, the private sector is mostly to blame. The government has research going on in its institutes and universities. However, private companies do not have the brain power to absorb it all. Hardly 70% of Canadian companies have engineers on staff. I do not recall the exact figure, but that number is, for example, very high in Japan.

Training, which is another component of the intangible investments of companies, is also lacking. We deplore the erosion of our once excellent education system. Mrs. Ostry mentions the fact that only Canada, among all OECD countries, has no national education policy. Naturally, Mrs. Ostry based her judgment on foreign standards. I do not know if the government followed that piece of advice in the Throne Speech.

According to a recent survey, 38 per cent of Canadians have functional illiteracy problems. The functional illiterate cannot understand the operation manual for a machine with a certain degree of complexity.

For that matter, I read somewhere that an increasing number of illiterates have to cope with reading and writing functional problems, which they had always succeeded to hide up till now but which the development of technology and even some rather simple things are now forcing them to face up to.

When reading these studies one easily understands why the Speech from the Throne deals at lenght with the issue of training, with the problem of illiteracy or with the drop-out problem. In private life as well as at work, not knowing how to read nor write nor count or so little put some incredible limits to the performance and the development of people.

We must not isolate the illiteracy problem and forget that it is strongly related to that of poverty. Great efforts can be made to fight illiteracy and must be made. But if at the same time we do not do something about other factors, progress on illiteracy might become temporary but not durable.

Those real problems do not warrant however that the federal governement, through its spending power, interferes directly in the area of education. Surely, it is the area where Quebec is more jealous of its autonomy.

In that regard, I would like to read again a passage concerning education and culture which is found in what was called in Quebec the Beige Book, entitled A New Federation, which had been released in 1979 by the Liberal Party of Quebec:

> In both areas of education and culture, we want to maintain the historical position of Quebec, which has always stated the primordial role of the province and has always viewed rather unfavourably the federal initiatives. The Constitution of 1867 fully supported that attitude. Quebec has prime responsibility for the protection and the development of its French cultural heritage. Its govern-

ment is in the best position to determine which measures are required in order to maintain the originality of Quebec's society and to help it develop.

But, eventually, there could be discussions on education objectives related to job training. However, responsibilities would have to be clarified.

In a context where all provinces, including Quebec, accept a free flow of goods, people and capital through the preservation and reinforcement of the economic union, it would still be possible no doubt to find a forum, but the formula is yet to be found.

This objective of prosperity for the greatest possible number of people will probably be criticized in view of high unemployment rates and the state of poverty in which a lot of people live. However, the government could legitimately be held responsible for greater problems in the future if it refused to consider solutions which may not yield immediate results but, in the longer term, would put the country in a better position economically.

While pursuing that objective, we have to remember that not all our fellow countrymen will have the opportunity to enter the world of technology and competitiveness. We have to be careful not to lose too many people on the way. We cannot sacrifice all the social programs that Canada has given itself, our social safety net, nor the exploration of other avenues which will allow those who often live on the fringe of society, because of a physical, intellectual or mental handicap, to be part of the mainstream as fully as possible. I was happy to see that concern in the Speech from the Throne.

A balance must be maintained between the pursuit of economic progress and social objectives that a democratic society must continue to support.

I would like to quote from an article written by Mr. Harvey Enchin of *Globe and Mail*. When talking about competitiveness, one cannot speak in terms of bottom line only. I think one must also have a more comprehensive vision of what a country offers its people.

Mr. Enchin says:

• (1550)

[*English*]

Canada wins high marks from scorekeepers like the *World Competitiveness Report* not only for its abundant resources but for its less tangible attributes. Stability, security and a predictable policy environment cannot be plotted on a graph. But they are highly valued by competitiveness analysts and thousands of immigrants spilling onto Canadian shores. The Canadian health care system, although maligned by conservative ideologues, delivers services at less cost than the overbuilt, fragmented health care system in the United States. Canada's infrastructure, built at taxpayers' expense, is the envy of the world.

It is no accident that Canada is a world leader in telecommunications and transportation equipment, construction and engineering services. Canada's social safety net has earned the country a reputation for compassion, a spiritual value that cannot be measured by traditional statistical methodology. But traditional statistical methods also fall short when they try to measure accurately competitiveness or productivity.

[*Translation*]

Social concerns about families, violence and youth also have been alluded to in the Throne Speech. Again, these are under provincial jurisdiction. I support the need to act vigorously in these areas, but we will have to find the communication channels and the ways to address those concerns that will not put the two levels of government in competition, but on the contrary, that will insure the best possible consistent action in order to reduce significantly, among other things, child poverty. Efforts towards better education and better integration in the workplace will greatly remain useless, because poverty is the source of ill health, of school failures and dropping-out, in other words, of the development of the poverty subculture with all its consequences.

I will deal with the theme of government efficiency solely with regard to the Senate. I will be very brief. I think there is no need to show some evidence. In the past few months, we have lived some moments that I consider to be exceptional. They still had the positive result of putting in question the internal operation of the Senate.

We also received the report from the Auditor General. He made to us some very relevant remarks concerning this control of expenditures and administrative efficiency that we should be concerned with, as much as the government should be concerned with the whole government machinery.

The Throne Speech is no doubt ambitious, but nevertheless realistic about the problems it has identified and the objectives it has established. However, the government cannot do everything alone. It must get the support of the citizens by giving out as open and complete information as possible.

I accepted the invitation of the Prime Minister to sit on the Senate because this country had arrived at a constitutional crossroads. I told myself: maybe I could add my modest contribution to the unprecedented efforts that would be made to insure the future of Canada while allowing the provinces and regions to fulfill the dreams of their citizens.

I want to assure the Prime Minister of my complete loyalty and my unqualified support for the fulfilment of the government objectives. I also assure my honourable colleagues of my cooperation so that, together, beyond partisan considerations, we can help resolve the constitutional problem, the most acute, undoubtedly, that this country has ever faced. Thank you, honourable senators.

• (1600)

[*English*]

Hon. Michael Arthur Meighen: Honourable senators, may I say at the outset—somewhat ritualistically perhaps but, nonetheless, with the utmost conviction—that I am honoured by the invitation to second the motion for an Address in Reply to the Speech from the Throne.

[*Translation*]

Honourable senators, at the beginning of my remarks, may I also extend my most sincere congratulations to my colleague, Senator Lavoie-Roux, for her eloquent and balanced speech. Even if I am an Ontario senator, I was born in Quebec. I am convinced that all the senators in this House agree with me to say that we are blessed with an abundance of Quebec talents. Nobody embodies this fact better than Senator Lavoie-Roux.

[*English*]

I have risen only twice, and very briefly indeed, since arriving here last October to what might be charitably described as an unusual, if not stimulating, reception. On one occasion I had an interesting exchange in the middle of the night with Senator Kirby on the subject of the relationship, if any, between the perceived merit of a legislative measure and the timing of its introduction—a subject which, I am sure you will all agree, is best dealt with at 3 a.m. On the other occasion, I was moved to suggest that we senators appointed under section 26 were entitled to the same rights and privileges as any other senator—a novel thought for some—unless and until the courts should decide that we were not legally entitled to sit here.

I know that Senator Grafstein, for one, would have preferred that this matter be referred immediately to the Supreme Court of Canada, but now that the Ontario Court of Appeal has rendered the latest judgment—I believe the court of appeal is the highest court yet seized of this matter—his wish may, presumably, soon come true. In the meantime, I think it fair to say that, in baseball parlance at least, we are batting four for four, which is not a bad average in any league.

Hon. Senators: Hear, hear.

Senator Meighen: I should also like to say, very briefly, that I wish to associate myself with all of the remarks made and the compliments paid to my friend Richard Hatfield.

I, too, knew Senator Hatfield for over 25 years. Richard Hatfield was an honourable and an exceptional man. I was brought up to believe that politics was an honourable calling, and it came as a great surprise to me to find out that everyone else did not share that conviction; but the honour of politics and my faith in it was restored in no small measure by knowing Richard Hatfield.

He was also, as I said, an exceptional man. It is said that the exception proves the rule. Some people would maintain that, in order to get to know a people and its culture, en profondeur, you have to speak the language fluently, but, as Senator Robichaud and others have attested, anyone who was at the memorial service in Fredericton would know the truth of what Richard meant when he said: "Dans mon âme, je suis acadien". As some of our colleagues here today would know, his French would never be cited by *Larousse* or by l'Académie française, but he did know the people of New Brunswick: he loved them; he was proud of them; and, in good times and in bad, they too were proud of him. As some have said, I think history will be increasingly kind to him.

Hon. Senators: Hear, hear.

[*Translation*]

Honourable senators, while I was preparing these remarks, I read of course the speeches made by previous movers and seconders, like the Senators Ottenheimer, Barootes, Cogger and Bolduc. I found some remarks which were at the same time incisive and prescient.

For example, my old friend, Senator Cogger, ardently wished the following on October 2, 1986, and I quote:

> In this field, it seems to me that we must step up our efforts to put an end to the alienation telt by the Province of Quebec as a result of the 1982 Accord. We must also strive to fulfil the commitments concerning native people which the federal government and nine provinces made pursuant to that Accord.

What tragedy it is that we, Canadians, have not yet taken up either of these challenges.

[*English*]

In rising today, I do so conscious not only of my own responsibilities as a member of this place, but also of the continuity in history that all of us gathered here represent as we enter what will surely be one of the most important and historic periods in the history of our country. Honourable senators will allow me for a moment to beg their indulgence to cite my own sense of continuity with a former Leader of the Government and the Opposition in this place, Arthur Meighen, who also served twice, albeit briefly, as Prime Minister of Canada and, for a longer time, again on two occasions, as the Leader of the Conservative Party.

As Eugene Forsey, another distinguished former member of this house, often commented, my grandfather was a man of immense intellectual and rhetorical reach. Regrettably, at least for me, these talents are not necessarily transmitted from generation to generation, and so I often ask myself what he might have said or done in circumstances such as those we face today. While one can never be certain of what his response might be, except that it would be precisely and elegantly phrased, one can be determined to serve today with the focus, presence of mind, and principle that he would have expected of himself.

I am therefore enthusiastic about rising today to second the motion for an Address in Reply to the Speech from the Throne because of its focus on rebuilding national unity in a fashion designed to overcome acrimony, apathy, incomprehension and, I would add, ignorance.

We Canadians can no longer afford the luxury of widespread ignorance. Ignorance in the form of illiteracy is bad enough, and all of us would agree that it should not be tolerated in a society which holds itself out as being the eighth largest economy in the world. In this connection, I know that Senator Fairbairn, cognizant as I am of her unstinting support for Frontier College over the years, would enthusiastically endorse the government's objective of cutting illiteracy rates in half by the year 2000. Similarly, ignorance of the essential skills with which we must equip ourselves to face the 21st century is simply not acceptable in Canada. However, there

are other forms of ignorance which are more insidious, and perhaps even more dangerous: ignorance of the justifiable envy with which we are regarded by other nations; ignorance of the high regard in which we are held around the world; and, most of all, our ignorance of each other, of what we possess together as Canadians. That is a collective failing which can and must be banished from our national character.

• (1610)

I am particularly pleased that the program laid out yesterday creates a substantial and focused linkage between our economic best interests as a country and the need to get our constitutional house in order once and for all.

Since 1867, we have had endless debates about various constitutional options and changes, most of which have not resulted in a successful conclusion. Some have, but historically they have been the exception. During most of that time, we have had the economic luxury of knowing that the massive export of our natural resources would generate huge amounts of economic capacity with which various levels of government could stitch in the patches, fill in the spaces, and ensure that the quality of life in this country, which we have come to expect, was not in any way diminished by whatever our constitutional problems may have been.

Today, however, we face a far more competitive and interconnected world, a world of global consumer and industrial markets, a world with a global capital market and a world of rapid advances in information and communication technology. In this world of the 1990s, all of the commodities which we produce and export on a primary basis are sold in very competitive marketplaces. It is a world in which one's ability to be productive and economically focused largely determines one's capacity to produce the wealth necessary to sustain a peaceable and socially-progressive society.

In this country in particular, the Constitution cannot exist in any sort of isolation. As people such as Sylvia Ostry—who seems to be our favourite source of quotations today—have said, our ability to be productive and competitive as a society also relates to our ability to run a government in a fashion that is competitive and productive without undue burden upon our people. The linkage, therefore, is precise and direct. The Speech from the Throne makes that linkage apparent and real for all to see and for all to govern themselves accordingly as a result.

As I am a Conservative, honourable senators will understand my affinity with the proposition that we must earn our prosperity in this country. It will no longer be delivered to us on a silver platter by foreigners who need our natural resources. If we are to maintain the prosperity that sustains our important and necessary social programs, we will earn it because we are more productive, because we are more innovative and because we are better at doing some things than are others who compete with us. A fundamental unity of purpose and focus is absolutely essential if we are to achieve this.

[Senator Meighen.]

[*Translation*]

The Speech from the Throne clearly says that some reforms will come through legislation or policy, but that many more will result from the involvement of Canadians in the process of reassessing their expectations of governments. Some reform will take place because we rely longer on government to solve all our problems, and we would rather try to create the conditions which would help us solve ourselves our problems.

I am convinced that the Citizen's Forum and the Beaudoin-Edwards Committee, so skilfully co-chaired by our colleague, have contributed enormously. We await with great expectations their respective reports, conscious of the fact that they will play a significant role in the drafting of proposals for changing the powers and responsibilities of the provinces and the federal government, as well as national institutions.

[*English*]

Clearly, what our Constitution provides for, on the one hand, and what amending instruments are available to us, on the other, are both part of an equation that relates to our efficiency as a society and to our ability to deal with self-government effectively.

The path laid out by the Speech from the Throne yesterday—namely an orderly development of proposals and options, a laying out of those options before the public and a broad means of participation by the public in the evaluation and assessment of those options—is a constructive path which, while not without controversy, will afford all Canadians a chance to participate in the process and be part of making this country whole. This is obviously not, honourable senators, as some would have us believe, a process of politicians merely talking to politicians. It is, and properly so, in my view, a process which, while moved ahead, shaped and ultimately implemented by those who are elected by, and accountable to, the people of Canada, also invites the participation, direct and indirect, of Canadians at every stage. However, not only does the Speech from the Throne advance means of participation by Canadians, it also advances a method by which the government might act, through direct public involvement, to deal with any deadlocks or irreconcilable differences that may emerge.

We are not talking, honourable senators, about concessions to any part of Canada; we are talking about a resolution of grievances in a fashion that makes the country stronger, because our constitutional process will be more sensitive to the different realities that shape this country while preserving a firm national framework within which Canadians can advance and prosper. The round we are going through is not a Quebec round; it is not a western round: it is a Canada round. It is a round through which we sort out exactly how we work together in this country, what our priorities are, and how quickly we can put these constitutional issues behind us so as to get on with the social and economic issues which really are the priorities facing the people we serve.

Some Hon. Senators: Hear, hear!

Senator Meighen: Yesterday's focus on literacy, on maximizing the completion of high school by more and more of our young people, on dealing with family violence and the concerns of native Canadians, and on dealing above all with the fundamental competitiveness of our economy, indicates to me that this government, while properly focused on the constitutional and unity issue, has no intention of allowing those issues—which, as you all know, can be all-consuming—to remove us from our collective focus on the social and economic situation that really will determine our quality of life as a people.

Honourable senators, I commend the throne speech to you because I believe it to be a balanced plan for today, a plan that deals with economic, social and constitutional priorities in a pragmatic and effective fashion. I also hope, honourable senators, that the process it underlines, particularly with respect to matters of the Constitution, is one that sufficiently sets aside partisan self-interest for all of us to join together in this house to work hand-in-hand for a constructive resolution of those issues.

There is no cause to which we might be committed that would be of any greater significance than that one. While we have our partisan differences and our partisan affiliations—and, heaven knows, there has been ample proof of that in recent months in this chamber—I put it to you that this is an opportunity for us to let the other part of who we are shine forth and indicate that we believe in a common commitment to Canada, and that we have a common belief that there are certain issues, concerns and matters which go far beyond partisan division and over which we can, in fact, if we want to, be largely and generically united.

What will be required of all of us is a collective commitment to achieve that measure of reconciliation, cooperation and determination to ensure that this country survives and that the productive capacity of our people is enhanced and expanded.

Honourable senators, there can be no debate more hollow than one over the distribution of powers between various levels of government when none of those levels has the financial capacity to do anything with those powers because one's economic productivity has diminished. There can be no debate more meaningless than one that focuses on the divisions between levels of government at the expense of enhancing the ability of individual citizens to build their own lives, to advance the lives of their families and loved ones, and to pursue a measure of satisfaction and happiness which this country has traditionally offered.

• (1620)

I believe that yesterday's speech offers an avenue of approach by which the gap between rich and poor, between linguistic groups, between those who have the skills necessary to survive and prosper and those who must acquire those skills, can be meaningfully reduced in this country, collectively and progressively.

The commitment to keeping the rate of inflation down, to capping expenditures at the federal level, to showing restraint, is not only pragmatic, but it shows precisely that kind of leadership from which we can best benefit collectively as a society. What a pity it is that my own province of Ontario is not similarly inclined.

When the next election comes, we will all have ample opportunity to settle partisan scores in a fashion that is reflective of the keen partisanship and competitiveness that has always been a part of our parliamentary democracy. The shape of this place, the shape of the House of Commons, will reflect what the people wish it to reflect should they wish to make changes from its present composition. However, until that time, we can and should work together in the national interest. We should put the temptations of partisanship, to which I admit I have yielded over my career as often as anyone, as far to the side as we can humanly manage.

I do not for one minute question our ability to do just that. I do not question our collective capacity in this house to marginalize our differences and put this country first. This is a course of action which has been urged upon us, as you will recall, by some of our more experienced and thoughtful colleagues. Indeed, I understood this was traditionally the norm in this place, not the exception. It is a course of action which is true to the traditions of this chamber and true, perhaps, to its very raison d'etre today. It may even be a condition precedent, a sine qua non, to our very survival.

Surely, more than ever, there is nothing to be gained and much to be lost by making of this body a carbon copy, or, as some would have it, a pale imitation of the other place. The Senate was designed to fulfil a distinctive role in the Canadian parliamentary system. Honourable senators need no reminding that our public image could do with a little polishing, to say the very least.

We Canadians have a wonderful country to reshape for the next 125 years. In that process the Senate, if it wishes, has a useful role to play. However, to be meaningful and effective, it must be driven by something more than partisanship.

In this connection, I am hopeful that honourable senators will forgive me if I close by quoting remarks made by my grandfather in this chamber in 1938.

> It is surely for the Senate to stand above both parties and see if we cannot be useful to Canada and to Canada's government, whatever it may be, in relation to the great problems that vex our country.

As the *Globe and Mail* editorialized this morning, it is time for Canadians to get on with more constructive activity. Surely, honourable senators, this applies to the Senate. Surely it is not too much to believe that the Senate is up to the task.

Hon. Senators: Hear! Hear!

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, May 21, 1991, at 2 p.m.

CONTENTS

Tuesday, May 14, 1991

PAGE

The Late Honourable Richard Hatfield, P.C.
Tributes. Senator Murray ... 7
Senator Robichaud ... 8
Senator Simard ... 9
Senator Robertson ... 10
Senator Thériault ... 11
Senator Atkins ... 11
Senator Kinsella ... 12
Senator LeBlanc (Beauséjour) ... 13
Senator Frith ... 13
Senator Buchanan ... 13
Senator Ross ... 14

Goods and Services Tax
Presentation of Petitions. Senator Frith ... 14

Constitutional Act, 1791
Notice of Inquiry. Senator Frith ... 15

Violence Against Women in Canadian Society
Notice of Inquiry. Senator Frith ... 15

The Constitution
Appointment of Special Joint Committee on Amending Formulae. Senator Doody ... 15

Business of the Senate
Adjournment. Senator Doody ... 16

QUESTION PERIOD

Investment Canada
Request for Information Respecting Foreign Takeovers of New Businesses. Senator Frith ... 16
Senator Murray ... 16

The Senate
Effect of Prorogation on Delayed Answers to Oral Questions. Senator Bosa ... 16
Senator Murray ... 16

PAGE

Parliament Hill
Presence of Metal Barriers Facing Parliament Buildings. Senator Corbin ... 16
Senator Frith ... 16
Senator Murray ... 16

Immigration
Landed Immigrant Status—Government Policy. Senator Haidasz ... 17
Senator Murray ... 17

Delayed Answers to Oral Questions
Senator Doody ... 17

Agriculture
Prince Edward Island and New Brunswick Potato Eradication of Virus—Financial Support—Government Policy. Question by Senator Bonnell. Senator Doody (Delayed answer) ... 17

The Budget, 1991
Cuts to Grants and Contributions—Progress of Review Committee. Question by Senator Marsden. Senator Doody (Delayed answer) ... 18

Transport
De Havilland Aircraft Company—Sale to European Consortium. Question by Senator Bosa. Senator Doody (Delayed answer) ... 18

Transport
De Havilland Aircraft Company—Job Protection. Question by Senator Bosa. Senator Doody (Delayed answer) ... 18

Transport
De Havilland Aircraft Company—Offer to Purchase by British Company—Consideration by Investment Canada. Question by Senator van Roggen. Senator Doody (Delayed answer) ... 19

Forestry
Plight of Forest Products Industry—Notice of Inquiry. Senator Perrault ... 19

Speech from the Throne
Motion for Address in Reply. Senator Lavoie-Roux ... 19
Senator Meighen ... 22
Debate adjourned, Senator Frith ... 25

THE SENATE

Tuesday, May 21, 1991

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

Prayers.

[*Translation*]

THE CONSTITUTION

APPOINTMENT OF SPECIAL JOINT COMMITTEE ON THE PROCESS FOR AMENDING THE CONSTITUTION OF CANADA—MESSAGE FROM HOUSE OF COMMONS

The Hon. the Speaker informed the Senate that the following message has been received from the House of Commons:

> That a Message be sent to the Senate to acquaint their Honours with the fact that the House of Commons does unite with the Senate in the reconstitution of the Special Joint Committee on the Process for amending the Constitution of Canada that existed in the Second Session of the present Parliament with all the same powers and conditions contained in the Order of Reference dated December 17, 1990;
>
> That the membership of the House of Commons on the Committee be the same membership as on the last day of the Second Session of the present Parliament;
>
> That the evidence adduced by the Special Joint Committee on the Process for amending the Constitution of Canada in the Second Session of the present Parliament be deemed to have been referred to the Special Committee hereby appointed;
>
> That the portion of the budget of the Special Joint Committee on the Process for amending the Constitution of Canada not expended during the Second Session of the present Parliament be deemed to constitute the entire budget of the Special Committee hereby appointed, unless a supplementary budget is approved by the Board of Internal Economy;
>
> That all contracts entered into by the Special Joint Committee on the Process for amending the Constitution of Canada during the Second Session of the present Parliament be deemed contracts for the Special Committee hereby appointed and be deemed to be in force, unless the Special Committee hereby appointed orders otherwise; and
>
> That all motions and orders adopted by the Special Joint Committee on the Process for amending the Constitution of Canada during the Second Session of the present Parliament be deemed to have been adopted by the Special Committee hereby appointed, unless it otherwise orders.

Honourable senators, when shall this message be taken into consideration?

On motion of Senator Doody, supported by Senator Phillips, message placed on the Orders of the Day for consideration at the next sitting of the Senate.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have the honour to present petitions signed by Canadians who are against the goods and services tax legislation.

First, I present seven petitions from the province of Quebec. I should say seven and a half because one petition contains names from Quebec and from Ontario also.

For those who are interested in the contents of those petitions, I will read it once again. The petitioners humbly declare:

> Whereas the new universal federal tax of 7 per cent on goods and services adopted by the Conservative government will create serious, unfair and inhuman hardships for Canadians;
>
> Whereas this tax will be an unprecedented attack on the already too low income of Canadians, not only because it forces them to pay higher taxes, but also because it will bring about a higher cost of living due to inflation, higher interest rates and higher unemployment.

[*English*]

The same message is on the English petitions. This first batch of seven and "a half" consisting of 147 names, comes from Longueuil, Montreal, St. Paul, St. Thomas D'Aquin, St. Albert, St. Séraphine, St. Paul D'Abbotsford, Granby and St. Cesaire. There is also a batch from Alberta coming from Valley View, Fahler, Girouxville, High Prairie, Jasper and McLellan containing 68 names in three petitions, and from Ontario, three and a half matching the other half containing some names from Quebec and some from Ontario. The petitioners come also from Mississauga and Toronto, and there are 83 names.

● (1410)

ADDRESS IN REPLY TO SPEECH FROM THE THRONE

NOTICE OF MOTION FOR CONCLUSION OF DEBATE

Hon. C. William Doody (Deputy Leader of the Government): I have another motion, Mr. Speaker. Honourable senators, I give notice that tomorrow, May 22, 1991, I will move:

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

That is a standard form which we have used here over the past number of years.

QUESTION PERIOD

INTERNATIONAL RELATIONS

VISIT OF PRIME MINISTER TO HONG KONG AND JAPAN—CONTINUATION OF MOST-FAVOURED-NATION TREATMENT FOR CHINA

Hon. Jack Austin: Honourable senators, I should like to ask the government leader a question or two with respect to the Prime Minister's visit to Hong Kong and Japan which is now under way. Certainly, raising a positive image for Canada in Asia is an urgent matter if Canadians are to receive favourable treatment and to be competitive in Asian markets. If the Prime Minister's trip contributes anything to that, it will be valuable.

As Senator Murray I am sure knows, Canada has received a great deal of benefit from both immigration and capital flows from Hong Kong, which is one of the destinations on the trip. I should like to confirm to the Senate how concerned people are in Hong Kong with respect to the consideration now being given by the U.S. administration in Congress to the extension of most-favoured-nation treatment to China. Under U.S. rules this treatment has to be renewed annually.

Can the government leader tell us the position of Canada with respect to this matter? Will the Prime Minister be able to assure governmental and business leaders in Hong Kong that Canada has made representations for the continuation of that most-favoured-nation treatment by the U.S.?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will not attempt to ad lib a reply to the important question that the honourable senator has asked. I will ask for a prepared reply from my colleague, the Secretary of State for External Affairs, concerning that and other aspects of the Prime Minister's trip to the Far East.

FOREIGN EXCHANGE RATES—EFFECT OF YEN ON CANADIAN DOLLAR

Hon. Jack Austin: Honourable senators, perhaps I could ask a question with respect to the Prime Minister's proposed visit to Japan. Tokyo is clearly one of the most significant financial centres in the world. In terms of trends, it is of some concern that the U.S. dollar, and consequently the Canadian dollar under the government's present policy, is undergoing a rally for a variety of reasons in terms of the yen. Economic projections show that most Japanese industry is competitive, at least to the level of 115 yen to the U.S dollar, and the current yen-dollar level is at about 139 or 140 with predictions by some of the leading banks that deal in foreign exchange that the exchange level may go to 160 to the U.S. dollar for factors that are external to Japan-U.S. relations. This, in turn, even at today's exchange rate, creates a highly competitive advantage for the Japanese in the North American market and the result of that will be the generation, over the next year or two, of substantial Japanese capital available for investment in North America.

Will the Prime Minister be discussing currency and balances and their impact on the Canadian dollar and the U.S. dollar with the Japanese Prime Minister, looking towards a proposed agreement for international priority setting and cycling with respect to the yen in the year or two to come?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not seen the agenda for the meeting between Prime Minister Mulroney and Prime Minister Kaifu. It could well be that the subject mentioned by Senator Austin could come up in the course of those meetings. However, I must observe that this is part of a much broader subject, which is normally discussed among the central bankers and the Ministers of Finance and National Treasurers of the Group of Seven.

STATEMENT OF PRIME MINISTER RE FRENCH POSITION ON JAPANESE IMPORTS INTO EUROPE—GOVERNMENT POLICY

Hon. Jack Austin: I have one last question, honourable senators, which relates to the Prime Minister's statement with respect to the position taken by the Prime Minister of France, Edith Cresson, with respect to French attitudes and policy dealing with Japanese imports into Europe.

Can the Leader of the Government explain to us the advantage to Canada of statements that are so critical of another government and its policies? I could quote to the Leader of the Government the statement given by the Prime Minister, which is in today's *Globe and Mail*, but it is essentially something of an international insult to tell the French that the problems of which they are complaining are problems generated by themselves—and this is whether or not the case is true. I wonder what the Canadian ambassador in Paris is being asked to do by way of explanation to the Quai d'Orsy?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I regret that Senator Austin, who is a Liberal, would not have seen something more positive in the Prime Minister's statement. The Prime Minister has sought to identify a certain tendency in a number of countries, including Canada, to transfer the responsibility for our own high costs, low productivity, or lack of competitiveness, to our trading partners such as the Japanese. This tendency is not limited to France and it exists here in Canada, and notably in the Congress of the United States. In almost all countries where it manifests itself, it takes the form of protectionist pleading.

Senator Austin: I can understand the answer if the Prime Minister referred to Canadians—and there is some merit in the comment—but I do not understand the advantage when he uses a foreign example. Canada has very important, long-term relations with France; it is hardly a good way of starting a relationship with the new French Prime Minister.

Senator Murray: Well, honourable senators, in fairness I think that the Prime Minister was asked to comment on a statement that Prime Minister Cresson had made on a certain subject. The Prime Minister was not singling out the Prime Minister of France so much as he was identifying that sentiment, which is prevalent in quite a number of countries, and from which he wanted to disassociate himself.

• (1420)

Senator Austin: May I just add that it may well be that there are deficiencies in the policy of Canada, or some other country, with respect to the structure under which it conducts international trade, but the reality is that when you have a very effective competitor against you and the impact on your own economy is negative, then measures need to be agreed to. Even though we may logically be at fault in the way in which our behaviour has brought about a result, nonetheless measures have to be agreed to in this country with that competitor in order to redress balances of a cyclical kind, and perhaps even of a structural kind. Trade is not based entirely on the logic of competition.

Senator Murray: Honourable senators, I appreciate the points that Senator Austin has made and so, too, does the Prime Minister.

IMMIGRATION

DETERMINATION OF REFUGEE STATUS—BACKLOG OF CASES—GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable Senators, in view of the insensitive attitude of the government to the problem of refugees and self-exiles who are seeking landed immigrant status in Canada, I would bring to the attention of the Leader of the Government in this chamber the fact that there are over 100,000 applications from self-exiles and refugees, some of whom have been waiting as long as six years to have their application for residence in Canada reviewed by the refugee review committee.

Some of these people have been waiting two to 6 years suffering hardship and desperation. Some cases have come to my notice where the refugees have been here two years and were told last month they would have to wait another two years before their applications would be heard by the committee. In the meantime, there have been at least two suicides: I refer to Zbigniew Redka of Hamilton and last week, Jesus Seferino Aguilar, a Salvadoran refugee, who also committed suicide. There are many other such desperate cases and other cases of real hardship.

I would like to ask the Leader of the Government in the Senate when will this government solve the problem of this 100,000 case backlog and thereby reduce not only the bureaucracy, but also the hundreds of millions of dollars that it is costing Canadian taxpayers to deal with these applications in the way in which the government is now dealing with them? Can he tell us whether the government is seeking another way to deal with this intolerable backlog of cases which has caused so much hardship and, recently, two suicides?

Hon. Lowell Murray (Leader of the Government): Honourable senators, Senator Haidasz refers to the "committee". There is a process here that involves the Department of Employment and Immigration; there is a refugee determination system that has been set up involving panels to deal with new cases, and there is a process to deal with the backlog.

The honourable senator asks when do we intend to solve this problem. We are open to suggestions on that matter, if the honourable senator has any. Meanwhile, I can only tell him for the moment that, with regard to new applicants arriving and claiming refugee status, the system is working very well indeed. The backlog is another problem. I can, and will, obtain a fuller report indicating what progress has been made in this respect since we passed the legislation a couple of years ago.

RECOMMENDATIONS OF INTER-CHURCH REFUGEE REVIEW COUNCIL—GOVERNMENT POSITION

Hon. Stanley Haidasz: Honourable senators, I have a supplementary question. In view of all these committees about which the minister has told us, there is still a 100,000-case backlog of refugees and self-exiles. This means that the system is not working.

Why does the government not take into consideration the recommendations made by the Inter-Church Refugee Review Council in Toronto whose members are saying that if the government has evidence that some of these applicants are not worthy to become landed immigrants in Canada, then the government should deal with them, while giving a more compassionate and expeditious hearing to those others who are worthy.

The Inter-Church Refugee Review Council has even proposed to the government and to the minister that asylum be declared for many of these cases. Has the government given any consideration to that suggestion?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I presume the honourable senator is talking about an amnesty when he says asylum.

Senator Haidasz: Asylum or amnesty.

Senator Murray: Honourable senators, the answer to the question regarding an amnesty is yes, the matter was considered and was rejected at the time the legislation was passed. Again I say that the government is attempting to give what the honourable senator describes as expeditious consideration to these cases in the backlog.

In addition to bringing in a factual report on the progress that has been made since the refugee determination system was set up, I should also bring in a description of how the

process works so that we will all know what we are talking about when discussing this matter.

Senator Haidasz: I have one more supplementary question, honourable senators. Will the minister promise us that he will ask the Minister of Employment and Immigration to widen the scope of the House of Commons' review of the Mohamed Al-Mashat case to include the 100,000 backlog of cases in order to find a better solution to deal with these cases?

Senator Murray: Honourable senators, I will convey the honourable senator's question to my colleague, the Minister of Employment and Immigration.

I should also tell the honourable senator, now that I have had an opportunity to consult my notes, that a review of the refugee determination system by the Department of Employment and Immigration is now in progress. I should also tell him that, at present, 90 per cent of the cases are receiving what is described as credible basis decisions at the first level hearing. That is what I meant earlier when I said that the government is attempting to expedite these cases as quickly as possible. Of those cases, 79 per cent receive refugee status at the second level.

DETERMINATION OF REFUGEE STATUS AT POINT OF ENTRY—GOVERNMENT POLICY

Hon. Peter Bosa: I have a supplementary question, honourable senators. Back in 1977, the government put through some legislation to increase the number of immigration judges from 18 to 50 in order to cope with the backlog of refugees, which at the time I believe numbered in the neighbourhood of 25,000. It is obvious that that approach did not solve the problem.

Is the government considering strengthening at least the hearing process at the point of entry, where an assessment could be made immediately whether the individual is an economic or a political refugee? This would at least cut off the flow of what some government officials believe to be illegitimate refugees.

Again, is the government considering declaring an amnesty? There are tens of thousands of people in the backlog receiving welfare. Some municipalities are really hard-pressed for cash. Yet thousands of people are on welfare and are prevented from working. They are going through a mentally agonizing period not knowing whether they will be allowed to remain here or be sent back. As Senator Haidasz pointed out, one of these people committed suicide just last week.

● (1430)

Hon. Lowell Murray (Leader of the Government): Honourable senators, first of all, the backlog that existed at the time the legislation went through must be cleared up. As the honourable senator has reminded me, we have increased the personnel involved in dealing with these cases in an effort to speed things up. That process has still been going far too slowly. Then there are the claimants of refugee status who have arrived since the legislation was brought in. There is still too great a number awaiting determination of their cases. With regard to these people who have come in since the legislation was passed, there is a two-stage process. The first stage is conducted by the Department of Employment and Immigration in which, as I say, 90 per cent of the cases are now defined as having a credible basis. They are then passed on to the Refugee Review Board, where almost 80 per cent of them are accepted as refugees. That is the situation, and that is the process as it exists now.

The honourable senator suggests, with regard to new claimants of refugee status arriving at our borders, that something should be done to increase the number of personnel devoted to this task. That is one way. The other would be to eliminate the first stage altogether and have the board deal with it. These matters are now under review, and I will let the honourable senator know when that review has been completed or any decision has been taken.

EXTERNAL AFFAIRS

VISIT OF PRIME MINISTER TO SOUTH AFRICA—REMOVAL OF SANCTIONS—GOVERNMENT POLICY

Hon. Lorne Bonnell: Honourable senators, could the Leader of the Government advise us whether the Government of Canada is anticipating removing the sanctions on South Africa, since the Prime Minister is going there for a visit to see what is going on?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have no information to impart on that subject today.

Senator Bonnell: Honourable senators, would it be possible for a delegation from the Parliament of Canada to go to South Africa, if the Prime Minister is going there and if the sanctions are to be lifted, to see what is taking place and to bring back to the people of Canada their views on what should take place?

Senator Murray: Honourable senators, it would not be for me to speak for the Parliament of Canada on a matter of that kind.

Senator Bonnell: Can the Leader of the Government tell us what prompted the Prime Minister to decide to make the trip to South Africa?

Senator Murray: Honourable senators, I saw a press report today—which, I must confess, I did not read in any detail—indicating that the Prime Minister was going to South Africa. I am not aware that anything has been finalized in that respect.

HEALTH AND WELFARE

MEDICARE—EXTRA BILLING

Hon. Lorne Bonnell: Honourable senators, can the Leader of the Government in the Senate advise us whether the Government of Canada is making a new policy to allow for extra billing by doctors and hospitals under the new medical care program which it will discuss with the provinces next month?

Hon. Lowell Murray (Leader of the Government): Honourable senators, so far as the government is concerned, the Canada Health Act is still in force.

Senator Bonnell: I understand that, but I do not know that this government has in the past always gone by the rules and regulations. Perhaps there is a contemplation of amending the Canada Health Act.

I understand that the new Minister of Health and Welfare is meeting with Ministers of Health and health professionals in the various provinces to discuss amendments to the Canada Health Act with a view to changing the whole health care system.

Senator Murray: Honourable senators, I trust my colleague, Mr. Bouchard, is, indeed, meeting with health professionals and others interested in the delivery of health services in this country and that there would be no restrictions on the agenda, of course.

Having said that, I have to advise the Senate that no consideration is being given to amendments to the Canada Health Act.

Senator Bonnell: Is any consideration being given to turning over health care directly to the provinces, as is outlined in the Constitution? As you know, it is only because of an agreement that the federal government is now involved in this area. Is the government considering returning the whole issue of health care and welfare back to the provinces?

Senator Murray: The honourable senator has answered his own question. Constitutionally, health care is a provincial responsibility and, in effect, Medicare is a series of federal-provincial agreements which differ from province to province, although there are certain common features. However, no consideration is being given to the federal government abandoning its role in the health field.

Senator Bonnell: Will the minister assure us that universality, transferability and accessibility will be maintained in any new agreement with the provinces?

Senator Murray: Honourable senators, I am not aware of any new agreements now being contemplated or negotiated with the provinces. I can assure the honourable senator that the government remains committed to the principles defined in the Canada Health Act.

Hon. L. Norbert Thériault: Honourable senators, I have a supplementary question. Did I hear the minister state that there were different agreements with different provinces related to Medicare?

Senator Murray: Honourable senators, as the honourable senator will know, the regime differs from province to province. For example, in some provinces certain services are covered; and in other provinces those services are not covered. In some provinces Medicare has been financed out of the general revenues of the province; in other provinces it has been financed out of premiums. The regime differs from province to province.

Senator Thériault: One provincial government may administer Medicare differently from another provincial government but, to the best of my knowledge, the agreement for funding from the federal government does not differ.

Senator Murray: That is set out in the legislation passed by the Parliament of Canada and the same arrangements pretty well apply everywhere.

Senator Thériault: "Pretty well" or do they, in fact, apply everywhere?

Senator Murray: They apply.

Senator Thériault: Thank you.

• (1440)

[*Translation*]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Meighen, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session.—(*Honourable Senator Grimard*)

Hon. Normand Grimard: Honourable senators, the Speech from the Throne contains a message calling for unity and entrepreneurship. Some say that this speech is nothing but a repetition of all our old problems. Indeed, why should we invent new problems when those we already have must be dealt with.

In the Speech from the Throne, the Government mentions issues that must be settled, for instance the famous debate on national unity that I will touch upon later on, but also day-to-day problems, which are certainly not unimportant.

We must admit that the government is realistic, since its purpose is to tackle head on not only our present problems but those that we will face in the future. The government does not merely study human and social issues—it takes concrete steps to solve problems like violence against women, concerns related to children, illiteracy, vocational training, job creation, to name but a few. The objectives laid down by the government are proportionate to the efforts it is ready to expend to reach them.

Moreover, its objectives are clearly stated. To solve the nation's social and fiscal problems, the government must of course take care of its financial health, without signing away our children's prosperity.

The fact is that we must deal right now with factors determining our economic security, like the GST, which will ensure a reduction of the national debt, or like the free trade treaties designed to improve our international performance. We must consider without delay these important factors of our country's prosperity. Otherwise, we will no longer have the means to solve any of our problems.

[*English*]

Honourable senators, the present government is taking to heart our interests, and I should add the interests of all Canadians, not only in trying to resolve our problems today but in fighting to ensure a wealthy nation for our children and grandchildren. National unity is one thing that they will inherit from us. Unity is what will ensure a prosperous nation, and prosperity is what we want to pass on to our heirs. So let us follow this government which has as one of its most important objectives the keeping of us together in harmony.

Renewed federalism will be beneficial not only for Quebec. There is a mistaken tendency to believe that Quebec alone is claiming rights. Every province in Canada is doing the same. Each has specific needs and is calling for powers that will enable it to oversee its own interests. The western provinces, for example, are dissatisfied with their representation in the Senate and want major reforms. Canada's native people also have serious problems to settle.

Honourable senators, the question is, therefore: What must Quebec concede to satisfy the rest of the country, and what must the other provinces accept to keep Quebec inside Canada? In fact, I will say that there is only one question: What must all of us do to save our country?

How is it that we are talking about keeping the Canadian union from breaking up when everywhere else in the world—apart from Yugoslavia, the Soviet Union and perhaps Iraq—the trend is toward unification? While other nations are trying to join together to cope with continental economic competition, in Canada we talk about separating if no agreement can be reached.

We are now in the middle of an emotional debate where no one is listening. We create radical political parties, such as the Bloc Quebecois in Quebec and the Reform Party in the west, with everyone tugging the blanket over to his own side. The press also gets involved by brandishing provocative slogans, and we end up with animosity between English and French without really understanding the other side's claim. The upcoming negotiations will be risky and will constitute a last-ditch effort. A final attempt to renew federalism will be of value only to the extent that Quebec and the other provinces are prepared to give it an honest try.

Changing the Constitution is thus the goal. Since a country's constitution reflects its citizens' aspirations and values, it is crucial that everyone can see his face in that mirror and feel a sense of belonging. I know it will be extremely difficult to resolve, in less than two years, what more than a century has not been long enough to resolve. In fact, we have been wrangling for almost 125 years. It is not easy to rebut this observation but there are surely ways of reaching an agreement. In short, our constitutional structure needs to be revamped. We must come up with a Constitution that will reflect the image of a country that we can recognize.

Honourable senators, we all live in the same house but not in the same room. To preserve a family atmosphere in which living together is possible, respect and tolerance are essential. If Quebec no longer feels at home, if Quebec feels alienated from the rest of the family because no one is willing to make any concessions to it, then anything can happen. Honourable senators, we must not let matters reach that point.

[*Translation*]

When I heard critics saying that the government does everything for the future and nothing for today, I was flabbergasted. As I see it, what we build for tomorrow we build for today, because what was tomorrow yesterday is now today.

Although it may not be to everyone's liking, I think the Speech from the Throne is a beacon of hope: hope for a prosperous future after weathering a storm, a recession that, quite frankly, would have happened under any government.

Our government realizes it is starting a new session at a time when history will be made. Our government is preparing to meet the challenges facing it and is dedicated to playing a decisive role in building our country. This is clearly reflected in the objectives of unity, prosperity and government effectiveness described in the Speech from the Throne. It reviews our old problems but also urges us to reinvigorate our country, and I quote: "To bring Canadians together in a renewed accommodation".

Honourable senators, we too will be involved in writing these important pages in our history, and the decisions we make will be crucial ones. We must therefore work together with wisdom, tolerance, respect and without political partisanship, to ensure the well-being of future generations.

Hon. Maurice Riel: I have a question for the honourable senator. You said earlier, Senator Grimard, that we were in an emotionally-charged situation. At least that's what I understood. Could we say, among people of good will, I would even say Canadians and Quebecers of good will, since we have known each other for so long, that this psychological situation, as you said, in which politicians, the media and a host of other components were involved, could be dealt with if we tried to moderate the peculiar psychological climate being created by national institutions like the CBC—I don't think I need elaborate—which spread propaganda day in day out to separatist inclinations in people who in their more down to earth moments are far more moderate. That was my first question.

Senator Grimard: Honourable senators, it is for me a great honour to have the honourable senator ask me a question. I have been a member of the Senate since September 27, 1990, and it is the first time you do the Senate and myself the honour of speaking in this House. I consider it a great honour, and it would be my pleasure to answer your question.

You are absolutely right when you say, to emphasize something I mentioned earlier, that there is a lot of emotion involved in the problem we are now facing. I agree that someday the truth will come out. About three weeks ago, I was glad to see, as the results of a public opinion poll made in Quebec on the sovereignty issue showed, that the population is now less interested in sovereignty or sovereignty-association than it is in a more decentralized federal government, with more exclusive or shared powers for Quebec.

I want to thank the honourable senator for underlining an important point I perhaps barely touched upon, and that is the fact that we often are, not only in Quebec but throughout Canada, victims of the press or of propaganda used to add fuel to the flames.

To conclude, Senator Riel, I want to say that the more you study the issue, the more you examine it, the more hopeful you become. But the rest of Canada must show us, if not love or affection, at least some understanding.

Senator Riel: I would like to ask the honourable senator another question, but first I want to thank him for mentioning I do not rise very often in the Senate. But as Yogi Berra said: "You can observe a lot by watching."

I do not agree with you at all when you say the recession would have happened under any government. This is a moot point. We have the Economic Council of Canada and serious institutions, like the Fraser Institute, the Conference Board and so on. Almost all these Canadian financial institutions have declared that it was a made-in-Canada recession. You may have noticed, that the minister of Finance would not even use the "R" word although we had been in a recession for pratically over a year.

Secondly, there was a general complaint about the rate of our Canadian dollar as an impediment to Canadian exports. All this has brought about an absolutely disastrous economical crisis.

I do not agree either when you say that free trade has brought about a lot of improvements. I think, from my own experience, that quite the contrary has happened. Free trade has hurt us a lot. As a result of the increased value of our goods we were unable to export them to the United-States and in many cases, we had import goods from that country.

If you have not heard from me for several months, it is because I was doing like Yogi Berra—observing. I have learned some things. I will tell you more about them a little later. You know that I am quite non-partisan, but I believe that I cannot at all agree with the policy pursued by Finance Minister Wilson and Mr. Crow. I believe this policy lacks subtlety. I do not want to use coarse language; you know me well enough to know that I do not get carried away so easily. With that policy, we are in a precarious situation. Of course, there is a recession in the United States, but unusually theirs came after ours.

I wanted to make those two points to you. I would especially like to say that I will try to explain my reasoning further to you, while leaving you free to think as you like.

Senator Grimard: Honourable senators, since I love baseball, I can give you another of Yogi Berra's axioms, "It ain't over till it's over." That is somewhat the situation we are in with Quebec, Ottawa and the other provinces.

I want to answer your two questions: first the recession and then free trade.

As for the recession, with all due respect and the admiration I have for you, you obviously have a very short memory, if we remember what happened in 1982 when this country was led by your friends. We know that there was a recession then not only in Canada but throughout the world and particularly in the United States. I believe it is not realistic to think that it is the government's fault that there is a recession here. You must also consider that the whole world, with the possible exception of Japan and Germany, has been in a recession, and especially our southern neighours.

I would really like you to tell me how we could have ended inflationary pressures without raising interest rates.

I answer your question by saying that it is not the government's fault; another govoernment in the same circumstances could have had the same recession.

Secondly, as regards free trade, I said in my speech that free trade would be good in the future. I do not think that after two years of partial, very incomplete implementation of free trade we can pass judgement. We will judge it later. I hope that we will both be here in this House in eight years when the treaty will be fully implemented, because we know that it is phased in over ten years. I hope that you and I will be here in this House then. You will probably have to admit that the government was right to bring in that system.

Hon. Senators: Hear, hear.

Senator Riel: Honourable senators, we will see each other again in 2000.

[*English*]

On motion of Senator Everett, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Tuesday, May 21, 1991

PAGE

The Constitution
Appointment of Special Joint Committee on the process for Amending the Constitution of Canada—Message from Commons 27

Goods and Services Tax
Presentation of Petitions. Senator Frith 27

Address in Reply to Speech from the Throne
Notice of Motion for Conclusion of Debate. Senator Doody 27

QUESTION PERIOD

International Relations
Visit of Prime Minister to Hong Kong and Japan—The Continuation of Most-Favoured Nation Treatment for China. Senator Austin 28
Senator Murray 28

International Relations
Foreign Exchange Rates—Effect of Yen on Canadian Dollar. Senator Austin 28
Senator Murray 28

International Relations
Statement of Prime Minister Re: French Position on Japanese imports into Europe—Government Policy. Senator Austin 28
Senator Murray 28

PAGE

Immigration
Determination of Refugee Status—Backlog of Cases—Government Policy. Senator Haidasz 29
Senator Murray 29

Immigration
Recommendation of Inter-Church Refugee Review Council—Government Position. Senator Haidasz 29
Senator Murray 29

Immigration
Determination of Refugee Status at Point of Entry—Government Policy. Senator Bosa 30
Senator Murray 30

External Relations
Visit of Prime Minister to South Africa—Removal of Sanctions—Government Policy. Senator Bonnell 30
Senator Murray 30

Health and Welfare
Medicare—Extra Billing. Senator Bonnell 30
Senator Murray 31
Senator Thériault 31

Speech from the Throne
Motion for Address in Reply—Debate continued. Senator Grimard 31
Senator Riel 32
Debate Adjourned. Senator Everett 33

THE SENATE

Wednesday, May 22, 1991

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

Prayers.

THE LATE RAJIV GANDHI

TRIBUTE TO FORMER PRIME MINISTER OF INDIA

Hon. Lowell Murray (Leader of the Government): Honourable senators, permit me to take a moment to express our shock and sorrow at the assassination yesterday of India's Rajiv Gandhi. The grandson of Prime Minister Nehru, son of the assassinated Prime Minister Indira Gandhi, Rajiv Gandhi was himself prime minister from 1984 to 1989 and was a candidate in the elections presently underway in India. His violent death is not only another personal and family tragedy, but one of national and even international significance.

All those who love India and who have rejoiced in her political, economic and social progress against fearsome odds, will be distressed by this appalling crime and anxious about its possible impact upon the fabric of that country. Canada and India have had close and mutually advantageous relations for many years. Our two countries have more often than not worked together on international problems, notably in the Commonwealth and the United Nations. Indian leaders since the time of Nehru seem to have had a real affinity with their Canadian counterparts. The personal friendship and close working relationship that existed between Rajiv Gandhi and Prime Minister Mulroney is the most recent example of this. For all these reasons, many Canadians are deeply saddened by the events of yesterday. The thoughts of Canadian parliamentarians are with our friends and colleagues in India who, in the most cruel circumstances, have lost a national leader and an international statesman.

Hon. Senators: Hear! Hear!

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Petitions against the GST seem to be arriving consistently every day. Today I have one from Quebec with 26 names, three from Ontario with 69 names, and one from New Brunswick with 20 names, all deploring the Goods and Services Tax, asking for its repeal and requesting an immediate election to cure the evil.

GRASSE, FRANCE

COMMEMORATION OF LIBERATION OF SOUTHERN FRANCE

Hon. Stan Waters: Honourable senators, I call the attention of the Senate to the commemoration, on August 24, 1991 in Grasse, France, of the liberation of southern France by the US-Canadian First Special Service Force and the gallant members of the French Resistance. Thank you, honourable senators.

THE LATE RAJIV GANDHI

MESSAGE OF SYMPATHY FROM SENATE TO GANDHI FAMILY

Hon. M. Lorne Bonnell: Honourable senators, the Leader of the Government in the Senate today mentioned the tragic death of Mr. Gandhi in India. India is a Commonwealth country and the Commonwealth Parliamentary Association has, from time to time, met in India and many of their delegates have attended meetings here in our country.

Therefore, I think it would be appropriate for us, as a parliamentary body, to send a message of sympathy from the Senate of Canada, to Mrs. Gandhi and her family in recognition of their great loss. It is a loss not only to the Gandhi family but to India and to democracy, and it may be a tragic event for the future of India.

As parliamentarians we should take note of the death of this member of our own commonwealth, and a message expressing our sympathy, I would suggest to the Leader of the Government in the Senate, should be sent with the full support of the Senate.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am sure that can and will be done.

OFFICIAL REPORT

CORRECTION

Hon. Peter Bosa: Honourable senators, I put a question to the Leader of the Government in the Senate yesterday. It is found on page 30 under "Determination of Refugee Status at Point of Entry". I was reported as saying, "I have a supplementary question, honourable senators. Back in 1977, the government put through some legislation to increase the number of immigration judges from 18 to 50". It should be corrected to read "1987".

QUESTION PERIOD

NATIONAL DEFENCE

STATUS OF DEFENCE POLICY

Hon. Stan Waters: Honourable senator, my question is to the Senate leader. I read in the *Globe and Mail* this morning

that a new defence policy is expected in June. Mary Collins, the Associate Defence Minister, stated "everything is on the table". It comes as somewhat of a surprise to me, as a constant observer of the defence scene, that we, the Senate, are the last to know, and the *Globe and Mail* is the first to know.

I have raised this point on several occasions, and as recently as three months ago, suggesting that somewhere in the system was a draft White Paper or Green Paper or some draft policy which would start outlining where the government intends to go in its defence policy related to its foreign policy initiatives. I would ask the house leader to give us a much overdue report on what the government intends to do about defence policy in Canada.

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is an open secret, first, that there is a need for review of Canada's defence policy given the changes in what is referred to as the "geopolitical situation" in the last little while. It is also an open secret, as the honourable senator will have seen from the exchange of correspondence between the resigning vice chief of the defence staff and his superior, the chief of the defence staff, that the military have put forward a statement of their position as to defence priorities in the future.

There is not, however, contrary to what the honourable senator suggests, a draft White Paper in circulation anywhere in the system where it would have come to the attention of ministers. The work of reviewing our defence policy at the ministerial level has only just begun. I share Mrs. Collins' hope that it would be possible to publish something definitive by the end of June, but I am not aware that the government has fixed a firm deadline for the process.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I ask a supplementary question or request that, when the government comes forward with a defence policy, it begin by telling us just what it is we are defending ourselves against. The word "defence" has come to be taken as describing all military action. We do not have a department of war, we do not have a ministry of military affairs, we do not have a ministry of weaponry, and we do not have a chief of staff of any of those. They are all chiefs of staff and ministers of defence. I assume that we are defending ourselves against something. I hope that any defence policy brought forward by the government will start out by telling us what or who it is that we are defending ourselves against. I am not suggesting that we are not, but it seems to have been lost in the shuffle changing the word "defence" into a euphemism for all military action.

Senator Murray: Honourable senators, the short answer to the question is that we would be defending the values in which we believe and in which we share with a number of like-minded and allied nations.

Senator Frith: No. I am not saying what we defended or are defending; I am saying what we are defending it against. Against whom are we defending those values? That is what I am asking; not what it is we are defending, but against whom?

Senator Murray: Honourable senators, the role of the military, as the honourable senator knows, extends to the alliances to which we belong, namely, NATO and NORAD. Further, there are peacekeeping operations under the auspices of the United Nations. From time to time, as we saw last summer, there is a necessity to call upon the military to aid the civil power. I would regard all of these activities as being in defence of Canadian values.

Senator Frith: I was not asking about "in defence of." I take it that we will not get anything clearer than that from the government.

Senator Murray: If you want us to write, we will try.

Senator Frith: Stop using the word "defence" to cover all military action; that is all.

RELATION OF DEFENCE POLICY TO EXTERNAL AFFAIRS—POLICY

Hon. Stan Waters: Honourable senators, I have a supplementary to my previous question.

The defence policy flows from an External Affairs policy. What we are facing always is this great vacuum. It is not proper to start tackling defence policy within a vacuum without looking carefully at the External Affairs policy and what Canada has in terms of strategic objectives and goals in its external business. That phase is missing. I would not like to think that we are going to leave this as we did before and wait for someone to feed us here. I cannot see why we cannot take a pro-active stance and come up with some policies relating to External Affairs policy, which will bring some semblance of order into our entire examination of these two threats, namely, External Affairs and defence policy.

THE SENATE

ESTABLISHMENT OF STANDING SENATE COMMITTEE ON NATIONAL DEFENCE

Hon. Jack Marshall: Honourable senators, since there is keen interest on both sides of the chamber in the matter of the defence of Canada, and keeping in mind that I introduced an inquiry some time ago recommending that we revive the Standing Senate Committee on National Defence, I wonder if both leaders would give unanimous consent, or ask their caucuses to give unanimous consent, for me to move a motion tomorrow to strike a Standing Senate Committee on National Defence?

Hon. Royce Frith (Deputy Leader of the Opposition): If he will explain what "defence" means.

Hon. Lowell Murray (Leader of the Government): Honourable senators, that suggestion has come forward from my honourable friend, as well as from Balfour and others on both sides of this chamber. We are giving it favourable consideration at the moment.

The honourable senator will know that we are at the present in the process of establishing the Senate committees. I will

have something further to report on that, or Senator Doody will, within the next few days.

• (1410)

Hon. Lorne M. Bonnell: Honourable senators, Senator Marshall has asked the question that I was going to ask, for which I thank him. Nevertheless, I should like to say to the Leader of the Government that among the committees that have been sought by the committee chairmen, defence was not mentioned.

In the absence of the Leader of the Government at the opening of the session, it was moved—

Senator Murray: I was here.

Senator Bonnell: —that certain committees be named and struck. If today the Leader of the Government rose in the house and told the chairman of that committee to name a committee on defence, that would solve the problem and certainly there would be unanimous consent on this side. In that manner those who are active in defence and who would like to be on that committee would not be tied up in other work or serving on other committees.

Perhaps the Leader of the Government could move a motion that the committee on National Defence be struck.

Hon. Jean-Maurice Simard: Order. This is not the time to do this.

Senator Bonnell: If honourable senators wish, I could move the motion.

Senator Simard: A decision should be made to go ahead with the formation of committees and it should not be done piecemeal.

Senator Bonnell: If honourable senators want me to, I can move. The committee is then formed and it picks the members of the different committees. It could also pick the members of the National Defence committee of the Senate. I would ask the Leader of the Government to do so.

Senator Murray: Honourable senators, I am in favour of having a committee of the Senate to consider defence policy. However, I would not be so bold as to suggest that the feeling is unanimous. I do not know whether it is unanimous. I think most of my colleagues on this side are in favour of having a committee to consider defence policy.

Having said that, it is still open for discussion whether we should proceed by way of a special committee or a subcommittee of the Foreign Affairs Committee or by the creation of a new standing committee, a matter which would take somewhat more time and consideration. But, to me, those are the only questions that remain to be resolved.

THE ECONOMY

CROSS-BORDER SHOPPING—EFFECT ON SMALL BUSINESS IN CANADA—NEED FOR CHANGE IN POLICY—GOVERNMENT RESPONSE

Hon. Richard J. Stanbury: Honourable senators, may I recall for the honourable Leader of the Government in the Senate that about two weeks ago a group of mayors of important towns and cities across the border between Canada and the United States attended in Ottawa on senators from all sides of the house to ask for some consideration of the very difficult position of the Chambers of Commerce and individual businessmen in those border towns and cities because of the very intense cross border shopping that is being done by Canadians.

I have not heard of any action by the government to ease the problem. Certainly, the complaints continue and it looks as though nothing has been done. I wonder whether the Leader of the Government in the Senate might be prepared to tell us how the government plans to deal with what has become a very difficult, almost disastrous situation.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the cabinet minister most directly involved in those discussions is Mr. Jelinek, the Minister of National Revenue. I shall have to ask for an up-to-date report from him.

Senator Stanbury: Honourable senators, there is certainly a consensus in the country, although perhaps not in the government, that it is a combination of the policies of the government, including the high dollar, high interest rates, heavy taxation, and all sorts of other policies of the government, that have caused this heavy cross-border trade.

Dean Wilson, the President of the Automotive Industries Association says, "Cross-border shopping is an increasingly understandable revolt against Canadian prices that are too high because the tax base is too high."

Government officials are now saying that they are quietly forecasting a big cut in the $30.5 billion federal deficit as the GST collects billions of dollars more this year than the $24 billion expected.

Surely there is some room for manoeuvre, for a change in policy, for the government to reconsider the application of the GST, as well as to reconsider the application of some of the excise taxes, to make it possible to alleviate the disastrous situation that has fallen upon these Canadian merchants in the border cities.

Senator Murray: Honourable senators, I do not know what my honourable friend has in mind when he talks about alleviating, as he puts it, the application of the GST with regard to businesses within a particular radius of the American border without creating new inequities. In any case, the issue that has emerged in the discussions between the government and interested parties is whether the federal government can find a way to ensure that provincial sales taxes are collected on goods being brought in from the United States by residents of the various provinces.

The honourable senator may have seen that Mr. Jelinek is near to reaching an agreement with the province of New Brunswick on this matter, but that up to the present time he has been unable to do so with the province of Ontario. It will, of course, be a good deal easier in the case of those provinces, such as Saskatchewan and Quebec, which have indicated their

intention of harmonizing their provincial sales taxes with the GST.

Senator Stanbury: Honourable senators, I have a brief answer to the honourable Leader of the Government in the form of a question. Is he not aware that the GST, as we said all the way through the debate on the subject, is an unfair, regressive tax and should at least be reduced in application as quickly as possible? According to one headline today, "GST windfall brings hints of tax cuts, business says."

The business community is now being told that its taxes will be cut. The GST ought to be cut, because it affects the people of the country as opposed to special interest groups. If you have extra money, one of the things that would very much help the merchants about whom I have been talking would be a reduction of the GST from 7 per cent to 5 per cent, down to a position where it is less regressive and falling less heavily on the ordinary people of Canada.

• (1420)

Senator Murray: The honourable senator has based a question, or, more accurately, has based his representations, on a highly speculative article on the goods and services tax which appeared in the newspapers this morning. I can tell the honourable senator that it would take a year—a good year, so I am informed—before we can draw any reliable conclusions on whether the GST is producing revenues in accordance with the projections we made when we introduced the tax. I can tell the honourable senator that my information from government officials is that, as of now, less than five months since the introduction of the tax, the revenues are on target.

GOODS AND SERVICES TAX

IMPACT ON CANADIAN POOR—POSSIBLE CHANGES IN REGULATIONS—GOVERNMENT POSITION

Hon. Raymond J. Perrault: Honourable senators, I should like to ask The Leader of the Government in the Senate whether he is aware of the impact of the GST on what are referred to by Mother Teresa as the poorest of the poor. In the past month I have taken the opportunity to visit those organizations involved in the process of helping the very poorest of them all. I want to tell the Leader of the Government in the Senate that the effect of the GST has been devastating on those people. Talk to the Franciscan Sisters of the Atonement in British Columbia, who feed long lines of men and women eager to have a sandwich; talk to the Salvation Army and to the Harbourlight Mission; talk to the Downtown Eastside Residents' Association in Vancouver, and he will find out what is the impact of the GST on the very poorest of the poor.

Hon. Jean-Maurice Simard: You don't have to shout.

Senator Perrault: I will be heard because the rest of Canada has to understand this. Your complacency and collaboration have brought into law one of the most nefarious acts ever passed by Parliament.

Senator Frith: Hear, hear.

Senator Simard: You be cool.

Senator Perrault: You have been collaborators in this great injustice visited upon the people of Canada.

Senator Simard: Don't shout.

Senator Haidasz: Your government is deaf.

Senator Perrault: It needs to be shouted from every rooftop in Canada. You have totally discredited yourselves with the GST. What were our predictions—that the income yield would be substantially higher than you anticipated, and that the effect on inflation would be substantially greater. This senator who is so vocal from his seat—

Senator Frith: Name him.

Senator Perrault: Senator Simard.

Senator Simard: Kick him out.

Senator Perrault: This collaborator. All the facts are out now and exactly everything we stated is coming true.

Senator Simard: No, no.

Senator Perrault: You are ruining business in the lower part of British Columbia. An estimated $2 billion a year in retail sales is going to the state of Washington. It is said that 20 per cent of milk purchases in British Columbia is being purchased in the United States. Are you happy with that?

Senator Simard: Are you blaming it all on the GST?

Senator Haidasz: And Canadians are being crushed by high taxation.

Senator Perrault: The GST legislation is burdened with inequities.

Senator Stanbury: It was supposed to be revenue neutral.

Senator Perrault: Yet the Conservative Party said it was revenue neutral and was clearly in the public interest.

Senator Simard: What is the question?

Senator Perrault: You are going to meet the people two years from now, and you do not have a chance.

Senator Simard: What is the question?

Senator Perrault: I want to ask the Leader of the Government in the Senate whether or not any changes in regulations are anticipated. I have before me some examples to give him of the effect on poor people. The first example is a person on a Canada disability pension. He gets a T4AP slip and has to pay $434 in taxes. He lost the credit for federal sales tax as he used this to reduce the amount of tax owing to the government. Revenue Canada—Taxation has a form for obtaining a disability credit of $3,327. Due to the criteria outlined in the form, many disabled people feel they would not qualify, or their doctors will not fill it out due to the type of criteria asked. It would seem that the guidelines for obtaining a Canada disability pension and a Revenue Canada—Taxation disability credit should be the same. I am citing this as one of the defects in the measure. Are we going to see any changes? Are we going to see any amendments?

My second example is of a person on welfare disability in B.C. He does not have to pay any taxes and receives the $140 federal sales tax credit. The people in both of those examples receive the same amount of money, but, due to the source of income, one pays taxes and the other does not. The criteria for receiving a Canada disability pension and a Revenue Canada disability credit should be the same so that the person is not penalized for being disabled and unable to work.

There are all sorts of inequities in the goods and services tax. I have another example: A disabled person in B.C. receives $8,328 from the provincial welfare system. Of that money, $4,728 is subject to the GST. This person must eat out as he lives in a hotel with no cooking facilities. The government leader should visit some of these places. It would be a great exercise for the Senate to have a committee to visit some of these areas in Montreal, Vancouver, Winnipeg, Toronto, and so on. This fellow lives in a hotel with no cooking facilities, so he must eat out. His whole income is subject to 7 per cent GST. He will pay $330.96 in GST. His rebate for being on welfare will be $233.18. Therefore, the difference of $97.78 will be taken from his food budget to pay for the GST.

I have given these details because the Leader of the Government has every right to say, "It is all right for you to make these generalizations, but what are the facts?" There is a case. This person, who cannot afford to pay, pays almost $100 more even with the rebate. The government leader should talk to these organizations. He should talk to the United Church, the Roman Catholic Church, the Anglican Church, the Salvation Army—talk to them all. They say it is almost impossible to devise a system to deliver these credits to people who really need them, because some of these people are illiterate, some can barely operate, and some are immobile. What is the government going to do to try to bring at least some measure of justice to the GST?

Senator Haidasz: Nothing!

Senator Perrault: I have not seen any move so far except for an article I read in a newspaper in Vancouver that said that certain government officials are pleasantly surprised that the yield of the GST is substantially higher than they had anticipated. Well, the poorest of the poor in Canada are not pleasantly surprised at all! They are paying more than they ever had in their lives and are not receiving an adequate rebate to offset the impact of the tax. It is unfair!

Senator Simard: Question!

Senator Perrault: Honourable Senator Simard, you know what the question is: Is the government anticipating a change in the regulations?

Honourable senators, I want to put this on the record. The Leader of the Government is talking to a colleague during this discussion of the plight of the poor in this country. He is not interested in the poor at all. He would rather have a chat with his neighbour. So let us put this in the record of the Senate. The Conservative Party of Canada has foisted upon the people of Canada one of the most regressive taxes in the history of this nation, and people are suffering as a result of it. We want some assurance that something will be done about it.

[Senator Perrault.]

Senator Haidasz: Hear, hear!

Hon. Lowell Murray (Leader of the Government): Honourable senators, good results cannot flow from bad procedure. The honourable senator, in the course of the Oral Question Period, has chosen to make a speech. I am not going to join him in abusing the rules of this place in that way.

Senator Perrault: The Question Period is meant to air the problems and legitimate grievances of the people of Canada, and my comments were totally relevant.

Senator Denis: Leave it to the Speaker!

Senator Murray: I invite my honourable friend to read the *Rules of the Senate* in that regard. The honourable senator did ask whether any changes are contemplated in the operation of the goods and services tax. Had he been here yesterday—

Senator Perrault: I was here yesterday!

Senator Murray: —or had he taken the trouble to read the *Minutes of the Proceedings of the Senate*, he would know that the Deputy Leader of the Government tabled a Notice of Ways and Means motion, dated May 17, 1991, to amend the Excise Tax Act and other legislation respecting the implementation of the goods and services tax. It is Sessional Paper No. 343-16.

• (1430)

Senator Perrault: What will be the effect of these changes on the poorest of the poor in Canadian society? Can you expand upon your reply?

Senator Murray: Honourable senators, the purpose of tabling those documents is for honourable senators to inform themselves on these matters and draw their own conclusions therefrom.

FISHERIES

ATLANTIC CANADA—FUNDING FOR PROCESSING FISH ALLOCATED TO THIRD WORLD

Hon. M. Lorne Bonnell: Honourable senators, to change the tone a little bit, I should like to congratulate the government.

Hon. Lowell Murray (Leader of the Government): Thank you.

Senator Doody: Stop right there.

Senator Bonnell: I would like to congratulate the Minister of Fisheries for the assistance given to the capelin fishermen of Newfoundland so that the male capelin with its high protein content can now be shipped to the poorer nations of the world. There are now millions of Canadian taxpayers' dollars going into this program.

We have in Prince Edward Island a substantial herring fishery, and the roe from the female herring is sold to Japan. However, both the female and male fish are used for fertilizer. Will the government of Canada consider making funds avail-

able for the workers in Prince Edward Island to process this fish in order that it might be put to good use and shipped to Bangladesh, to Iraq, to Ethiopia, to all the starving people in the world and, at the same time, make work available in places like Prince Edward Island and Nova Scotia?

Senator Murray: Honourable senators, I am sure that Mr. Crosbie will be interested in the suggestion put forward by my honourable friend. Mr. Crosbie is not only Minister of Fisheries, but also Minister responsible for the Atlantic Canada Opportunities Agency. In both of those capacities he would have reason to consider the suggestion with great interest.

Senator Bonnell: Will the honourable Leader of the Government in the Senate put his support toward the cause to Mr. Crosbie on behalf of the unemployed people of Atlantic Canada and the poor of the world?

Senator Murray: That goes without saying, honourable senators.

EDUCATION

A LEARNING CULTURE—GOVERNMENT POLICY

Hon. John B. Stewart: Honourable senators, in the Speech from the Throne we were told that the government proposes to attempt to establish in Canada a learning culture. This learning culture is to be in effect by the year 2000. Some years ago several members of the Senate asked questions repeatedly about what the government was doing with regard to education, particularly post-secondary education, in Canada, and the response at that time was almost invariably that there was to be a conference. As I recall, that conference took place in Saskatoon in the autumn of 1987.

Could the minister have a report prepared on the steps that took place as a result of that important conference so that we will have that report as a point of departure for the next phase of the government's inauguration of a learning culture in Canada?

Hon. Lowell Murray (Leader of the Government): Yes, honourable senators.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, may I ask the Leader of the Government what program the government has by way of legislation and other activity for the Senate in the next few days and weeks so that we can prepare ourselves accordingly?

Hon. Lowell Murray (Leader of the Government): Well, honourable senators, either Senator Doody or I could try to deal with the question. There is a bill, the number of which I do not have in front of me at the moment, which concerns the National Energy Board which, it is indicated, may be through the House of Commons as early as tomorrow at second reading.

Senator Frith: Second reading?

Senator Murray: Yes.

Senator Frith: Second reading in the house tomorrow?

Senator Murray: Yes.

Senator Frith: Nowhere near us then?

Senator Murray: No. A number of bills that died at prorogation are in the process of being restored in the House of Commons at the stage they were in at the time of prorogation. This is the case of Bill C-83, trust and loan companies, which was restored at report stage. They are hoping to restore Bill C-73, and to start over with the former Bill C-89.

An Hon. Senator: What are their titles?

Senator Murray: Bill C-89 is described as the money laundering bill. "Proceeds of Crime," I presume, would be a more formal title. Bill C-73 is the dissolution and transfer of crown corporations. Bill C-82, which died on the Senate Order Paper, will be reintroduced in the House of Commons. There is also the hope and expectation that they will be able to restore the former Bills C-26, Railway Act; C-85, railroad transfers; C-58, the Young Offenders Act; and C-78, environmental assessment. I do not know whether they will be able to restore those to the stage where they were at prorogation. That is a matter for discussion between the government and the other parties in the House of Commons.

Senator Frith: Honourable senators, I thank the Leader of the Government for that information. As he has said, most of the bills he is referring to, as being the subject of restoration in the other house—in fact, all of them—require unanimous consent, and therefore require discussion among the house leaders. So they do not even appear to be imminent in the other place pending that agreement, and certainly are not imminent here. Even the bill mentioned, the Energy Board bill, I understand is only at the second reading stage in the other place. It has a number of stages to go through.

Can we then anticipate any legislation reasonably within the next two or three weeks? It seems to me not so. Does the government have any other program for the Senate?

Senator Murray: Honourable senators, there are also bills relating to the implementation of February's budget, which should be brought forward to Parliament. I cannot at the moment predict when any of this legislation will have cleared the House of Commons. Senator Doody and I will try to get a more accurate reading on that situation within the next couple of days, and we will, of course, keep honourable senators informed.

Senator Frith: I understand that it is difficult to make a prediction, but, on the information that the Leader of the Government has given us, it seems that we will not have any legislation before us until the House of Commons has dealt with it. Within the next two or three weeks, is there any other program that the government has for the Senate? Does it intend to keep the Senate sitting while we are waiting for all of these things to clear the other place, or will we be coming here to deal with that legislation when that legislation becomes imminent, which clearly it seems to me, is not at the moment.

• (1440)

Senator Murray: Honourable senators, it is clearer to my honourable friend than it is to me that there will be no legislation for as long as three weeks. As I have said, I would want to get a more accurate reading of that situation than I have at the moment.

The honourable senator knows perfectly well that I have never been one of those who wants to keep honourable senators sitting in this chamber unnecessarily. I have always been prepared to adjourn the Senate pending legislation from the other place, and also to allow the committees to proceed with their work, where there is work before committees.

Senator Doody reminds me that we do have one piece of legislation to be introduced in the Senate, one of the tax treaties that we see here from time to time, and the deputy leader advises me that it will be ready for introduction in the Senate shortly.

Senator Frith: Then will Senator Doody and Senator Murray be seeking more accurate reading immediately, and might we ask for a report of progress tomorrow?

Senator Murray: The honourable senator will be aware that at adjournment time on Thursday the deputy leader does try to bring honourable senators up to date as to what we may expect with regard to legislation.

Senator Frith: We will look forward to that.

ANSWER TO ORDER PAPER QUESTION TABLED HONOURABLE JACQUES FLYNN, P.C.

PRESENCE ON PARLIAMENT HILL—CAPACITY AND PAYMENT

Hon. C. William Doody (Deputy Leader of the Government) tabled the answer to Question No. 3 on the Order Paper—by Senator Corbin.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Meighen, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session—(*Honourable Senator Everett*). (2nd day of resuming debate)

Hon. Douglas D. Everett: Honourable senators, in speaking to the Speech from the Throne I would first like to congratulate the mover, Senator Lavoie-Roux, and Senator Meighen, the seconder, on their superb speeches. I was unable to be in the chamber while they were given, but I read them later and, like all senators, was enormously impressed by the intelligent contribution they made.

Honourable senators, the objectives of the speech are set out as being unity, prosperity and government responsiveness. I would propose, in making this speech, to leave the question of unity at this time to others who are more qualified than I to speak on that subject. I propose to deal briefly with the question of responsiveness and concentrate on the government's thrust towards prosperity.

The speech says that unity will be strengthened by a strong economy and points out that Canada is thirty-fifth in population but is the eighth largest economy in the world, and that has given us one of the most advanced social programs of any country in the world.

The speech goes on to indicate that the economy will recover in the second half and will grow strongly in 1992, but it makes the point that that recovery is dependent upon a reduction in interest rates, and that is what catches my attention.

Productivity improvement is a main theme of the speech, which states that prosperity depends on the sale abroad of 30 per cent of our gross national product. It says we must be able to compete with the best. We will, therefore, require the best possible economic conditions and we must make world markets accessible to our goods and services. The risk is not so much of being undercut by low-waged economies but of being out-performed by technically-advanced countries.

The speech goes on to state that we must increase productivity in manufacturing, in resources and in services. It is interesting in all these initiatives that we tend to concentrate on the concept of increasing our manufacturing capacity and our productivity in that particular sphere. But that is not the only element of a productive economy. We sort of look down our noses at the resource sector in a sense because we say that it makes us hewers of wood and drawers of water; but, in fact, in terms of international trade, our resource sector is by far the most productive part of the Canadian economy and will continue for some time, both in non-renewable and renewable resources, to support the standard of living and the social services that we have become used to.

What we really overlook, as a possibility of an earner of foreign exchange and of creating the capacity for the good life in this country, is the effect of service industries. Service industries are not just users, they are contributors, and for too long we have overlooked the possibilities of the foreign exchange earnings of the service industry.

Let me give honourable senators one example. The Mayo Clinic in Rochester, Minnesota, is a quintessential service industry, but it draws people from all over the United States, from all over North America, and indeed from all over the world, to utilize its services. So it is important that we do not say that for Canada to survive economically in a competitive world we have only to improve our manufacturing capacity. We must improve all the capacities in our economy.

Improved productivity is the greatest contributor, the speech says, to the prosperity of Canadians and to the maintenance of social programs. The speech goes on to see education as the key to productivity improvement. It states that Canada spends more on education than almost any other country on education, but that, as expensive as it is, is failing over and over

again. A number of initiatives are suggested for the improvement of the education system, most of which impact on provincial jurisdiction; and again, since I have left the matter of national unity aside, I propose to leave aside the question of national improvement in education because there are others who can speak and with far more meaning than I can bring to that subject.

But the speech points out that Canadian industry spends far less on training its employees than the industries of other countries—one-half of what U.S. industry spends, one-fifth of what Japanese industry spends, and one-eighth of what German industry spends; and the objective of the speech is to quadruple employee training by industry in the next few years.

I am constrained to go back to a report that the National Finance committee wrote on Canada Manpower when I was chairman of that committee. At that time we expressed a concern about the lack of useful training that was done throughout Canada. Most of the training is done through provincial community colleges. The federal government makes a per diem deal with those colleges and trade schools, and they carry out the training. What our investigation showed was that the training was often not relevant to the requirements of industry. What we suggested as a solution was the purchase of industrial training from industry itself—in other words, as a money-making venture for industry. We said that that would automatically make the training more relevant, because industry would not be interested in training employees or future employees for areas in which no jobs were available. We thought that that would be a far better answer to the problem of employee training than anything that is being done today. It was made fairly clear to us at that time that the thrust of employee training had to be changed markedly, to be put in the hands of the employer and taken out of the hands of the bureaucracy. I still feel very strongly that that is a solution that should be looked at.

• (1450)

The speech also goes on to talk about a new responsiveness and new measures for assessing legislation. I, for one, share the feeling of all senators that legislatures should be responsive to the electorate. However there is a vast difference between responsiveness to the electorate and government by referendum. There is a vogue now that legislators should subject to recall; that all legislation should be submitted to a committee of electors in each constituency to decide how the particular member should vote. That is not a democratic solution. That is a solution that will result in nothing but anarchy. I am pleased to see that there is care being taken in the government's suggestion with respect to being more responsive to the electorate that does not seem to go as far as government by referendum.

There is then a comment in the speech on the environment which caught my eye. It is said that the most economically prosperous nations are also the most environmentally conscious. I have no doubt that that is right, but I do not know which comes first. The implication in the Speech from the Throne is that environmental consciousness will somehow produce or be conducive to economic growth. My strong suspicion is that those countries that have grown economically are able to use their resources in a way that preserves the environment to a far greater extent than those that have not. Therefore, we have to be careful. I note that the speech says that, and I am glad that it says that the government wants to achieve positive environmental results without prejudicing economic prosperity. It is extremely important to realize that the enhanced environment will come out of a growing and vibrant economy, not the other way around.

The main thrust of my remarks, however, are related to the government objective to reduce interest rates. Present interest rates are as follows: Three-month treasury bills in Canada have an interest rate of 8.85 percent as against 5.76 percent in the U.S. That is a spread of 3.09 percentage points, or 309 basis points. By contrast, long-term rates in Canada are 9.77 percent, versus 8.29 percent in the U.S. That is a spread of only 148 basis points. The exchange rate this morning in Canada, as published in the newspaper in terms of the American dollar, is 87.06 cents. But it is interesting to look at the forward rates. The rate for funds one year forward is not 87.06; it is 84.93; three years forward, 81.76; ten years forward, 74.70. That does not indicate anything other than that the market perceives an overvaluation of the Canadian dollar and is saying, "If you want to buy forward, the farther you go out, the lower the value of the Canadian dollar."

When we look at an OECD study of purchasing power parity, we find that the Canadian dollar is overvalued by seven cents U.S. in terms of a basket of currencies—that is, over a broad range of countries—and by 10 to 15 cents vis-à-vis the United States dollar. Canada's foreign indebtedness is now $250 billion. That is 35 percent of our gross national product. If you want to compare that to Brazil, their percentage is 30 percent. In 1983, we had a $3 billion surplus on foreign borrowing. In 1990, that had turned around to a $16 billion deficit.

Borrowing in foreign markets is fine if it adds to your productive capacity, but that is not the case in Canada. We have been borrowing in foreign markets to pay for an operating budgetary deficit, and that is bad news. We are in the process today of maintaining an overvalued currency, and we are doing it with high, short-term interest rates. One has to be concerned, when you look at the forward rates and the OECD report, that if there were a loss of confidence in Canada for some reason, the Canadian dollar could collapse very quickly.

• (1500)

Honourable senators will recall that roughly two years ago, the Bank of Canada made a very small reduction in interest rates of certainly less than a point. In fact, I think it was something in the neighbourhood of a quarter of a point, and overnight the Canadian dollar dropped three cents. So that danger, that bombshell, sits there. The adjustment to the Canadian dollar will undoubtedly take place because of the cost structures that exist in the Canadian economy. I just hope it takes place in an orderly manner and not in a manner that is out of our control.

One has to realize that an overvalued currency can be quite useful if inflation is coming from the export-import sectors of the economy. But that is not the case with the Free Trade Agreement in place; it is not happening. Inflation in Canada is coming from regulated prices, from government tax increases, and it is exacerbated by Public Service wage increases. It is not coming from the export industries which, as senators know, are suffering greatly due to our overvalued currency and high interest rates.

Indeed, high interest rates have a devastating effect because they add enormously to the cost of the federal deficit. However, they go further than that. Because they maintain a high dollar, they tend to convert the budget deficit into foreign borrowings. Also, high interest rates, as a portion of the federal budget, tend to crowd out program spending and, most especially, needed social spending.

The Free Trade Agreement should be a great opportunity for Canada and its industries. It should enhance our domestic productive capacity because indeed we are being given the opportunity to feed into the world's largest and wealthiest market. But our policies are having the exact opposite effect. With the Free Trade Agreement Canadian industries are attempting to integrate on a north-south basis instead of an east-west basis, but the Bank of Canada policy is transferring production and employment down to the United States and away from Canada. We are losing a one-time opportunity to expand our productive capacity in this country and that is a very serious matter, honourable senators.

Let us look just at the unit labour costs which are a measure of productivity. Between 1985 and 1990, the U.S. unit labour costs were unchanged. In the same period, Canadian unit labour costs went up by 40 per cent. The lion's share of that increase in Canada over the United States is due to the appreciation of the Canadian dollar and high interest rates.

If we decide that we should reduce the value of the Canadian dollar, we have to be somewhat careful. Our decision must be based on the long-term cost differentials between our economy and the American economy, and it must be combined with policies to reduce those long-term cost differentials. Those differentials, as honourable senators are fully aware, are such costs as the cost of marketing boards, the cost of universality, provincial trade barriers, public wage rates, and the balance between social initiatives and the ability of the economy to pay for them.

Also, if we reduce the value of the Canadian dollar, monetary policy must be able to contain the resulting inflation. Each two to three cent drop in the exchange rate causes a one-time—and I emphasize one time—increase in the Consumer Price Index of approximately 1 per cent. In the recession that we are currently experiencing, we can stand that kind of an increase because I believe it will be offset by price adjustments in other sectors of the economy. I believe it gives the Bank of Canada the opportunity to increase the money supply, and flowing out of that would be a reduction in interest rates and a reduction in the value of the Canadian dollar.

[Senator Everett.]

Conditions today exist that make the policy option possible. The policy would be implemented, as I say, by an increase in the monetary aggregates. There would be a consequent reduction in short-term interest rates and a closing of the spread in short term rates between Canada and the U.S.A.

It is interesting to note that the effect of the lower interest rates on our deficits, and by that I mean our budgetary deficit and our current account deficit, are as follows: 55 per cent of the federal debt is in short-term instruments, that is Treasury Bills and Canada Savings Bonds; $43 billion of our deficit of $30 billion is due to debt servicing. Therefore one can see how dramatic the effect of lower short-term interest rates would be on the size of our deficit. If that deficit goes down, it would mean lower borrowing requirements from the foreign market, and therefore a lower current account deficit.

Certainly, policy initiatives have been taken that make this possibility a real one. For some time the Governor of the Bank of Canada had a zero inflation policy. That has now been dropped, and targets have been agreed upon between the Bank and the Department of Finance stating that the target for inflation in 1992 will be 3 per cent, for 1994 it will drop to 2.5 per cent, and by 1995 it will drop to 2 per cent. Remember, those are not exact figures. They are figures that have a band on either side and they do not include the components of the CPI that tend towards volatility, such as food and energy prices. Therefore what we now have is a situation where monetary policy is a good deal more flexible that it was under the former policy of the Governor.

• (1510)

In addition to that, we have brought program spending under much greater control. Program spending is now producing a $13 billion surplus, which is why I can say that the servicing of the debt is $43 billion in a budgetary deficit that is $30 billion. It is because program spending is adding a surplus of $13 billion, thereby reducing the effect of debt servicing.

As a percentage of Gross Domestic Product, program spending was 19.5 per cent in 1984-85. It dropped to 16 per cent in 1991, and it is to go down to 14.5 per cent by 1995-96. Indeed, in the Speech from the Throne the government suggests there will be legislation to cap increases in program spending.

We are also in the process of reducing our financial requirements which, of course, impact very directly on the amount of foreign borrowing that we require. In 1990-91, our financial requirements were $23.8 billion. The outlook for 1992-93 is that they will drop to $14 billion, to $5 billion in 1993-94 and produce a surplus of $1.5 billion by 1994-95. In other words, we would not have any financial requirements at that time.

The government brought forward in its last budget the concept of a Debt Servicing and Reduction Fund, with the objective that revenues from the GST, privatization and donations to the Crown will all be directed toward debt servicing and deficit reduction. I have heard it said that that is just playing with figures, that if you have an overall deficit then you are just taking money out of one account and putting it into another. The fact of the matter is that if there is control of

program spending, and if all the revenues from the GST plus those other revenues are put toward debt servicing and reduction of the debt itself, then the effect is to illuminate how much the shortage is in terms of government expenditures that can be controlled. That makes good accounting sense to me. After all, what accounting tries to do is to tell you what is happening and to give you a clue as to what you can do about it.

As far as the servicing costs on the debt are concerned, they are largely a matter of the economic policy stance at the time. Having made the policy thrust, there is nothing else that you can do. What you can deal with, though, is program spending. By having a debt servicing and reduction fund and channelling all the revenues from the GST to that fund, you can create a situation in which it is clear that the government can reduce the overall deficit, only by controlling program spending and tax revenues.

Finally, there is a cap on federal wage increases. If we were to increase the money supply, reduce interest rates and thereby reduce the Canadian dollar, what we would then have would be a policy that is based on a cost differential between the Canadian and the American economy. It is not a beggar-thy-neighbour policy; by that I mean a reduction in the foreign exchange value of your currency in order purely to encourage exports and to reduce imports. This is a reduction that is related to actual differences in costs between the two countries. Those are not costs that can be worked out in the next week, the next month or the next year. They are costs that go to the very root of being a Canadian. They are costs that are related to the kind of social programs we have, the kind of country that we want. It will take time for us to decide whether we should ever reduce those costs; and, if we should, which ones. If we decide on certain ones, by how much will they be reduced and in how efficient a manner can we do it? Therefore there is a very valid reason for reducing the exchange rate and interest rates.

That policy option is available to us right now. We must be able to take advantage of the Free Trade Agreement. We cannot continue to transfer our productive capacity out of this country and into the United States. Once we make those investment decisions they are very difficult to reverse. If we continue on in the present policy thrust we may well have the effect of reducing inflation, but we may well have taken a good deal of the muscle and sinew out of the productive capacity of this economy.

Under the present circumstances I do not think that there would be a lot of bad fallout from the policy. If we lowered the exchange rate, we would increase our export earnings. We would lower the imports into the country. The result of that would be to increase national income. Our domestic savings would rise. Our trade balance would improve, and thereby we could offset the loss of foreign borrowings. So we are not talking about a situation in which if we lowered the exchange rate we could not replace the foreign borrowings. I believe the situation exists today whereby we would be able to do that. I also believe that if we do not do it those foreign savings will be much harder to come by.

Over the last five or six years—I guess throughout the 1980s—Canada and the United States pretty well had a call on foreign investment. That situation has changed. It has changed very markedly because of East Germany and the requirements of eastern Europe. We will have to compete for those savings. However, if we continue with the present policy, we will find it harder and harder to compete for those savings. We will find it more expensive in terms of our currency and in terms of interest rates.

Now is the time to make the shift. I believe that with the Free Trade Agreement, with the opportunity that is open to our manufacturers, our resource industries and our service industries, conditions are ripe to make the change now. I am convinced that if we do not do it now, it will be forced upon us, and it will be forced upon us when we can least afford it, and when the drop in the exchange rate might be egregious instead of controllable.

I urge upon this government with everything that I have that it get on with the policy change now. Increase the money supply by a reasoned amount, lower interest rates and lower the value of the Canadian dollar in terms of the American dollar. Do it now before it is too late. Do it now before we export too much of our capacity and employment to the United States.

Some Hon. Senators: Hear, hear!

• (1520)

Senator Everett: Do it now before it is too late; do it now before we export too much of our capacity and employment to the United States.

Hon. John B. Stewart: Honourable senators, I have a question or two. The honourable senator referred to one of the reasons for the monetary policy and how it relates to the control of inflation. He then proceeded to say that three of the important factors behind inflation in Canada are regulated prices, tax increases, and public service wage increases. I believe he said that there were others, but that these were the major ones. I wonder if the honourable senator could tell us in rough terms how much of the inflation he would attribute to regulated prices, to various tax increases, and to public service wage increases? Has he made that breakdown, so that we would know which of these factors ought to be given priority, and so that, as a result of the policy he is now recommending, these factors do not exacerbate inflation. That is my first question.

Senator Everett: It is a very good question and it is really one that I cannot answer very well. I suppose there is some empirical data and I could try to find it. What causes one to think in this direction, first of all, is that a number of economic writers on the subject have indeed said that that is the case. The central bank has had a very restrictive monetary policy over the past three or four years. A lot of the demand part of inflation has been squeezed out of the economy, and we are now in a situation where the increase in prices is largely

attributable, not to the demand side of the equation but to costs. Those cost are not coming, for the most part, from private industry where you have a very competitive situation regarding prices. Even in cases where wage increases are being accepted, they are not being passed on to the consumer because the consumer will not pay the resultant higher prices. This is exacerbated to a great extent by what we were talking about earlier, namely the stampede of people down to the United States, to the border towns. That has taken away as much as 10 to 20 per cent of our retail trade in certain sectors, certainly in the area I come from and, I gather, pretty well throughout western Canada. I suppose the same is true for eastern Canada and the central provinces.

Therefore I do not think there is a large demand pull in that situation now because of the central bank policy. What is left is the cost push, and that cost push is in the areas that I have mentioned. If I can find some data on the point, I will most certainly pass it along to the senator. I perhaps should have had it with me, but I can tell him that there are a number of economists who have commented on the subject and would endorse that thinking.

Senator Stewart: The honourable senator drew our attention to the statement of fact in the Speech from the Throne that Canadian industry spends less than half as much on training its employees as does American industry, a fifth as much as the Japanese and an eighth as much as the Germans. He referred to certain studies that had been made by the Standing Senate Committee on National Finance some time ago.

I must say that this matter of training has attracted my attention in a more limited way. I have never been able to get a satisfactory set of answers, even from major captains of industry in Canada. One proposition is that, with so many of our manufacturing industries being branch plant industries, the companies prefer to do a good deal of training of their employees for more sophisticated work in the home country.

I wonder if the honourable senator could give us his explanation on the fact reported in the Speech from the Throne. Perhaps at the same time, he could tell me that I am wrong when I say that I do not think that throwing government money at this situation in the way he suggested in his speech, if I understood him, is the answer to the problem?

Senator Everett: I accepted the figures in the Speech from the Throne, much as one would accept a fact published in the daily newspaper. It may be entirely wrong but I did accept it. I referred to the National Finance Committee study on Canada Manpower of a few years ago. I was not so much referring to an increase in expenditures as a transfer of expenditures. The finance committee felt that the use of community colleges to do the training under the manpower legislation was not effective. First of all, there was no control by the federal government. They merely agreed on a per diem rate and they ordered so many days, and that payment was made without any audit whatever by the Auditor General, by the department or by anyone else.

[Senator Everett.]

The second point is that, after going around to different industries and after asking about those trained by the community colleges and how useful they were, we were told, time and again, that they were trained in areas for which there were no jobs, and very often their training was not up to date. We suggested that it would be better to reduce the expenditure to these community colleges and to allow industry to use the same funds on a profit-making basis to train employees. In other words, they would come forward with a plan to do certain training and they would be paid for providing that training on a profitable basis. In fact, we were advised that industry would go for this plan because it would give them a training capacity and it would also be a profit centre for them. We did not think that the government should end the arrangement with the community colleges, but that it would be a good check on the performance of the community colleges and a good check on the performance of industry. Also, that a limited form of competition in that regard would help to alleviate the problem.

I still think, if we are lagging in training in Canada, that that would be the proper way to induce industry to become involved. There would be benefits, not only to industry, but benefits in comparing the efficiency of industry with the community colleges in conducting training and, at the same time, we could compare the community colleges' results with what industry can do.

• (1530)

Hon. Stan Waters: Would the honourable senator permit another question?

Senator Everett: Certainly.

Senator Waters: I found your presentation very interesting but I was puzzled when you said that some items, such as food, energy and some others, are included no longer in the Consumer Price Index. If you exclude such things as food and energy, how can the CPI be an accurate reflection of real costs to consumers?

Senator Everett: Honourable senators, I did not say that the CPI did not contain those components. I am saying that, for the purposes of the inflation targets that have been agreed upon between the Minister of Finance and the Governor of the Bank of Canada, as recently published around the time of the budget—and I believe the target established for 1994 was 3 per cent—it is not necessary that they hit the target figure on the button. There is a band on either side. If I recall correctly, I think they removed from the consideration of that 3 per cent figure food and energy prices because they are so volatile. They have gone to what is called the core rate of inflation. While you do not include food and energy prices in the equation, if I recall it correctly, the core rate of inflation nonetheless does reflect what is happening as far as the CPI is concerned. Under ordinary circumstances it probably would not be affected over a period of time by food and energy prices. It is just that when you are establishing a particular target for a particular year, you might have an outbreak of oil price increases as we did during the Gulf War, which could

skew the CPI out of line. That is the only reason. The CPI still contains food and energy prices. However, even when it is reported in the newspapers, economists very often will exclude the food and energy prices in order to get the core rate of inflation, because it is a more dependable figure.

Senator Waters: I have a supplementary comment. It might be easier to ensure that you reach your inflation targets by taking everything out of the CPI that affects those targets. In other words, you can manipulate your position so you always make your 2 or 3 per cent inflation target by taking out of the CPI those things that do not fit your parameters.

Senator Everett: A cynic might say that, but I could not possibly comment.

Hon. Nancy E. Teed: Honourable senators, it is a great honour for me to rise in this chamber today and to take part in this debate on the Speech from the Throne. I am particularly honoured to be following Senator Everett who, to use an old cliche, is not an easy act to follow. I was very impressed with your remarks, senator, and I am particularly interested in the length of time you spent in dealing with free trade and foreign policy; areas that you indicated you dealt with because of your expertise and knowledge. Those are areas in which I feel I still have a great deal to learn, and I feel I did learn this afternoon from you.

I should also like to mention your comments in regard to training programs. I think they deserve a lot of merit. That is a subject quite close to me because when I was in government, we put in place some organizations that would retrain employees for the government so that they could indeed deal with problems of today and have the skills necessary to do the work of today. The only disagreement I would have with you in that regard is where you suggested that there should be some profit to those industries and organizations that provide that service or that have those programs in place. I disagree with that. I think it can be done outside of the community college environment, but I would like to see it done by organizations that would not be for profit so it would not cost the government and taxpayers a great of money.

I also want to congratulate my colleagues, Senator Lavoie-Roux and Senator Meighen, the mover and seconder of the Reply to the Speech from the Throne. I concur with those who have spoken before me in saying that both of those speeches were extremely well prepared and very informative to us.

The Speech from the Throne, in my opinion, is indicative of a government committed to improving the quality of life for Canadians, a government with no desire to leave a legacy of debt unbearable for our children and their children.

I believe most Canadians feel that we are living beyond our means. Canadians do want to pay their way. However, Canadians want to see governments become more fiscally responsible. They want to see governments reduce spending. While I very seldom quote from newspapers—in fact, I dare say that, going back over the nine years I spent in the provincial chamber, I did not do it—but in preparing for today, I read an article in the local *Telegraph-Journal* on Monday, by a gentleman, not a journalist, by the name of Donald Savoie, who said:

> Governments of *all* political persuasions have failed the test of political courage over the past 30 years in managing government spending in large part because we, the voters, have not insisted that they do so. It is now urgent that we do.
>
> This has everything to do with necessity and very little with political ideology.

I concur with his remarks. I really do believe that Canadians want to see government reduce spending and become more fiscally responsible. It is imperative that government become more efficient in the manner in which it conducts the affairs of its people. Government must become more inventive in order to implement new and improved programs that are more cost-effective.

Canadians want to hear more about incentives rather than disincentives. The spending control bill to cap federal program spending will, in my opinion, generate some positive suggestions from Canadians as the parliamentary committee embarks on its consultative process. Canadians are people with vision, not people who become bogged down with how things have always been.

I am aware that steps are being taken to arrange for the Ministers of Health and Ministers of Finance, both federal and provincial, to discuss ways and means of continuing to deliver health care services in a more cost-effective manner. That is a very positive step, one that augurs well for the future of the universal medicare system we enjoy in this country.

Another area of the Throne Speech which I support is the government's commitment to protect vulnerable Canadians. All too often governments can lose sight of those living among us who cannot speak or do for themselves. We must continue to initiate programs and services to improve the quality of life for our disabled.

While recognizing that education is solely the responsibility of the provincial governments, the federal government will publish a discussion paper to stimulate and focus discussion on education and training. I agree that the time has come to reach a national consensus on performance, goals and priorities for learning. In order to become a more prosperous country, we must all be well trained to work within a more technically-advanced environment.

The future of our country belongs to our children. We must prepare them well to meet the challenges that lie ahead. Cutting illiteracy in half is an ambitious goal, but I believe Canadians are up to that challenge, and I am sure our colleagues agree. The other goals relative to education and training are also ambitious and attainable.

This government is committed to addressing the serious problems in our country affecting women and children. I am anxious to hear more about the initiatives to prepare our children better to become contributors to Canada's future and, as well, the initiatives regarding violence against women. You will forgive me if I become somewhat parochial for a few

moments, but these are issues that were very close to me when I was Minister of Health and Community Services in New Brunswick. If honourable senators believe, as I do, that the use of violence as a way of achieving power or solving problems is unacceptable, then you will agree that we must speak out with confidence against violent and sexist images in the media. We can speak up on behalf of women, children and seniors. We can ask for a greater emphasis on communication and non-violent problem solving in our school curricula. We can stand firm in our conviction that men, women and children have a right to live free from violence.

Only nine years ago, the solitary voice of Margaret Mitchell suggested to the House of Commons that wife abuse was a problem of great magnitude in Canada. How was she greeted? By jeers and hoots of laughter.

In New Brunswick, we responded with an interdepartmental approach among the Departments of Justice, Education and Health and Community Services.

● (1540)

We set up crisis intervention teams as a means of handling violent family episodes. The team consists of a police officer and a social worker who would arrive and work together at the scene of the violent episode. It was my belief as minister that a carefully planned approach would have the greatest chance of meeting its objectives and of becoming an integral part of ongoing community service programs. We must launch public awareness campaigns, improve educational programs, improve protective housing as well as address the issue of financial assistance. All too often women who are abused do not have enough confidence in themselves to see their case brought to justice. With the interdepartmental approach, women are given the counselling and assistance they need to see the batterer brought before the courts. This, Honourable Senators, is a step in the right direction. However, we as a society must still address the issue of the sentence these batterers receive. Suffice it to say, I have very strong feelings on this subject and will leave them for another day, or, indeed, I will share them with the blue ribbon panel of concerned Canadian men and women who will enquire into the serious problems of violence against women in our society as mentioned in the Speech from the Throne.

In preparing for today, I came across a speech delivered by the Honourable Perrin Beatty on April 16 when he was still Minister of Health. In addressing the Rotary Club in Vancouver he said:

> Protection of victims also means that we cannot allow brutality to continue unchecked. We must strengthen our legal system to ensure that offenders are brought to justice. Under the new Initiative, we will be reviewing the *Criminal Code, Divorce Act* and other legislation with regard to child abduction and the forcible removal of offenders from the home. Judicial organizations will help to develop materials designed to make judges more sensitive to the issues. Police officers, correctional services staff and lawyers will receive specialized training. And research and projects will aim to make the justice system more flexible and responsive to the realities of family violence.

[Senator Teed.]

These are encouraging words, and, indeed, the government's initiative, "A Call to Action", is commendable. For those who have not read it, it is really quite a speech that the minister delivered that day. It gives a specific example of a woman from Manitoba, and is quite a story.

Honourable Senators, much has been said, and much more will be said, regarding national unity. It is well recognized that we are a diverse country built on tolerance. A country with such natural bounty, we are indeed the envy of people from around the world. Yet there are those who suggest that we want to destroy our very fibre. I pray not. This government could easily have handed this problem over to constitutional experts and a few civil servants, but no, it wishes to listen to Canadians, and hence the Citizens Forum on Canada's future, the Beaudoin-Edwards Parliamentary Committee and, soon to be established, the Constitutional Committee. Through these committees Canadians have had, and will have, an opportunity to express their vision, their hopes and aspirations for this great country of ours. The process we are undertaking will help to remind us of our heritage, of our forefathers who came to this country committed to building a prosperous land for future generations. More importantly, the process will give us all time to think about the kind of Canada we want, a time to listen to our neighbours, a time to tell the government the kind of Canada we envision. The end result will be a Constitution made in Canada, by Canadians that reflects a renewed Canada, a united Canada that will continue to be the envy of the world.

Before closing I wish to speak briefly about my feelings for this upper chamber. When summoned to this chamber, it was with some trepidation, but also with the strong conviction that I wished to contribute in a meaningful way—and indeed, I intend to do so. However, allow me at this time to say that I have been inspired mainly by the wisdom of Senators Molson and Everett, who speak so succinctly of how this place functioned but a few years ago.

I feel, honourable senators, that if we have respect for ourselves and our families, and, indeed, for the people we represent, it is imperative that we become more efficient and more effective in conducting ourselves and the business before us. We hear stories of how gentlemanly this place was. We hear about how effective and efficient pre-study was, that whips were not required. Honourable Senators, I trust gentlemanliness will prevail in this place once again soon.

On Tuesday last many senators paid tribute to our former colleague, the late Richard Hatfield. I would like to add a personal note regarding my former colleague and friend. Richard Hatfield influenced my life for almost twenty years. He was the person who invited me into the political arena, and for that I can still say a hearty "thank you." He was a good friend to New Brunswick and to Canada, and I am grateful to have been able to call him my friend. I was the benefactor not only of his counsel, but also of his infamous cards signed "R" from all over the globe, and his early morning calls. This chamber

would have greatly enjoyed his wisdom, but mainly his vision for Canada and her people. We would have been much richer had he been granted a few more years. He will be missed.

Honourable Senators, I will be supporting the motion put forward by our colleague, Senator Lavoix-Roux. Thank you.

Senator Frith: A good idea.

Hon. Senators: Hear! Hear!

Senator Frith: We all agree with that.

On motion of Senator Frith, debate adjourned.

THE CONSTITUTION

APPOINTMENT OF SPECIAL JOINT COMMITTEE ON THE PROCESS FOR AMENDING THE CONSTITUTION OF CANADA—MESSAGE FROM HOUSE OF COMMONS

The Senate proceeded to consideration of the following Message from the House of Commons:

Friday, May 17, 1991

Ordered,—That a Message be sent to the Senate to acquaint their Honours with the fact that the House of Commons does unite with the Senate in the reconstitution of the Special Joint Committee on the Process for amending the Constitution of Canada that existed in the Second Session of the present Parliament with all the same powers and conditions contained in the Order of Reference dated December 17, 1990;

That the membership of the House of Commons on the Committee be the same membership as on the last day of the Second Session of the present Parliament;

That the evidence adduced by the Special Joint Committee on the Process for amending the Constitution of Canada in the Second Session of the present Parliament be deemed to have been referred to the Special Committee hereby appointed;

That the portion of the budget of the Special Joint Committee on the Process for amending the Constitution of Canada not expended during the Second Session of the present Parliament be deemed to constitute the entire budget of the Special Committee hereby appointed, unless a supplementary budget is approved by the Board of Internal Economy;

That all contracts entered into by the Special Joint Committee on the Process for amending the Constitution of Canada during the Second Session of the present Parliament be deemed contracts for the Special Committee hereby appointed and be deemed to be in force, unless the Special Committee hereby appointed orders otherwise; and

That all motions and orders adopted by the Special Joint Committee on the Process for amending the Constitution of Canada during the Second Session of the present Parliament be deemed to have been adopted by the Special Committee hereby appointed, unless it otherwise orders.

ATTEST

ROBERT MARLEAU,
The Clerk of the House of Commons

—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, as I indicated yesterday, this motion simply deals with a clause that was omitted inadvertently from the order recreating or re-establishing the special joint committee on the amendment of the constitution. That clause simply says that, during the current session of the present Parliament, all motions and orders adopted by the original committee will be deemed to have been adopted by the new second committee.

Senator Frith: Honourable senators, the motion to which this is an appendix was adopted by unanimous consent. I believe leave was granted on May 13th, or perhaps May 14th, and this seems clearly to be a proper inclusion. Since Senator Keon apparently seconded the motion of Senator Doody, I resort to the metaphor that if we are to revive the body, we might as well revive it with all its organs intact.

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

Motion agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—TERMINATION OF DEBATE ON EIGHTH SITTING DAY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, once again I move the motion of which I gave notice yesterday.

I move:

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

It has been a standard for the past several years in this place that we put a limit on the length of time that we dedicate to the address in reply. In other words, we have eight days to debate the address and reply, but that does not include, of course, days on which the Senate does not sit, nor days on which the issue is not debated.

• (1550)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, in the time that I have been here we have always adopted a like motion. I asked Mr. Greene to check on just how ancient is the tradition. Apparently the first of such motions was moved by Senator Langlois and seconded by Senator Roebuck on October, 3, 1969. No one has come up with any reason why we should not continue with the tradition. Therefore, we support this motion.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Wednesday, May 22, 1991

PAGE

The Late Rajiv Gandhi
Tribute to Former Prime Minister of India. Senator Murray 34

Goods and Services Tax
Presentation of Petitions. Senator Frith 34

Grasse, France
Liberation of Southern France. Senator Waters 34

The Late Rajiv Gandhi
Message of Sympathy from Senate to Gandhi family. Senator Bonnell 34
Senator Bonnell 34
Senator Murray 34

Official Report
Correction. Senator Bosa 34

QUESTION PERIOD

National Defence
Status of Defence Policy. Senator Waters 34
Senator Murray 35
Senator Frith 35

National Defence
Relation of Defence Policy to External Affairs Policy. Senator Waters 35

The Senate
Establishment of Standing Senate Committee on National Defence. Senator Marshall 35
Senator Frith 35
Senator Murray 35
Senator Bonnell 36
Senator Simard 36

The Economy
Cross-Border Shopping—Effect on Small Business in Canada—Need for change in Policy—Government Response. Senator Stanbury 36
Senator Murray 36

PAGE

Goods and Services Tax
Impact on Canadian Poor—Possible changes in Regulations—Government Position. Senator Perrault 37
Senator Simard 37
Senator Frith 37
Senator Haidasz 37
Senator Stanbury 37
Senator Bonnell 38

Fisheries
Atlantic Canada—Funding for Processing Fish Allocated to Third World. Senator Bonnell 38
Senator Murray 38

Education
A Learning Culture—Government Policy. Senator Stewart 39
Senator Murray 39

Business of the Senate
Senator Frith 39
Senator Murray 39

Answer to Order Paper Question Tabled
Honourable Jacques Flynn, P.C.—Presence on Parliament Hill—Capacity and Payment. Senator Doody 40

Speech from the Throne
Motion for Address in Reply—Debate Continued. Senator Everett 40
Senator Stewart 43
Senator Waters 44
Senator Teed 45
Senator Frith 46

The Constitution
Appointment of Special Joint Committee on the Process for Amending the Constitution of Canada—Message from House of Commons. Senator Doody 46
Senator Frith 46
The Honourable the Speaker 46

THE SENATE

Thursday, May 23, 1991

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

Prayers.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourables senators, I have the honour to present a petition signed by 349 residents of the province of Quebec who oppose the goods and services tax. They are from Yamachiche, Ste. Clotilde, La Presentation, Plessisville, St. Albert, Shawinigan, L'Assomption, St. Leonard and Montreal. These are 349 people from all over the province.

[*English*]

INCOME TAX CONVENTIONS BILL

FIRST READING

Hon C. William Doody (Deputy Leader of the Government) presented Bill S-2, to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and the prevention of fiscal evasion and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes.

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next, May 28, 1991.

PRIVATE BILL

SEVENTH-DAY ADVENTIST CHURCH IN CANADA—BILL TO AMEND ACT OF INCORPORATION—FIRST READING

Hon. P. Derek Lewis, for Senator Frith, presented Bill S-3, to amend the act of incorporation of the Seventh-day Adventist Church in Canada.

Bill read first time.

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

On motion of Senator Lewis, for Senator Frith, bill placed on the Orders of the Day for second reading on Tuesday, May 28, 1991.

COMMITTEE OF SELECTION

FIRST REPORT PRESENTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Thursday, May 23, 1991

The Committee of Selection has the honour to present its

FIRST REPORT

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

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

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

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

TWENTY-FIFTH REPORT OF COMMITTEE—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Tuesday next, the 28th May, 1991, I will call the attention of the Senate to the Twenty-fifth Report of the Standing Senate Committee on Social Affairs, Science and Technology entitled: "It's Almost Too Late", tabled in the Senate on 31st January, 1991, (Sessional Paper No. 342-973).

NATIONAL DEFENCE

NOTICE OF MOTION TO ESTABLISH STANDING SENATE COMMITTEE—NOTICE OF MOTION WITHDRAWN

Hon. Jack Marshall: Honourable senators, I should like to give notice of a motion to establish a Standing Senate Committee on National Defence—

Honourable senators, the deputy leader has just given me to understand that there is a disposition to establish the committee. Therefore, I shall not proceed with the notice of motion.

Notice of motion withdrawn.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 28th May, 1991, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Senator Doody: If I may take a moment, yesterday Senator Murray was asked about the legislative program for the coming week. He gave an undertaking that he or I would report to the Senate today on what the program appears to be.

At this point it seems possible that two bills will be available for second reading on Tuesday; certainly at least one bill will be available, namely, the one I just introduced, the Senate bill on income tax conventions. I am told that Bill C-8 is expected from the House of Commons today. That was the old Bill C-73, an Act to provide for the dissolution of transfer of certain crown corporations. We will certainly have these two bills next week. There is a possibility of others, but that word is the correct one to use, namely, a possibility rather than a probability. I would not want to mislead the Senate.

There is also the question of the committees of the Senate. The report of the Selection Committee on the nomination of a Speaker *pro tempore* has been placed before the Senate today, and next week we hope to make further progress with that and with the selection of committees.

DELAYED ANSWER TO ORAL QUESTION TABLED

IMMIGRATION

LANDED IMMIGRANT STATUS—GOVERNMENT POLICY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have one delayed answer in response to a question asked by Senator Haidasz with regard to the Al-Mashat immigration case. It is a copy of statements by the ministers involved, namely, Ministers Valcourt and McDougall, together with a report by the Deputy Ministers of Employment and Immigration and External Affairs. I should like to table this composite answer.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Meighen, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session—(*Honourable Senator Frith*). (3rd day of resuming debate)

[Senator Marshall.]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this order stands in the name of Senator Frith; but he indicated yesterday that if any other senator wishes to speak, he would yield. I believe that Senator Chaput-Rolland would like to speak.

[*Translation*]

Hon. Solange Chaput-Rolland: Honourable senators, it is with a lot of hesitation that I rise to address briefly one aspect of the Throne Speech. It is an issue in which I have been engrossed for almost thirty years, as in the case of many others in this Chamber. I am talking about the place occupied by Quebec in Canada, Quebec's role in our history, and Quebec's substance in this tormented era. I am all the more embarrassed, after having listened to my colleagues from this side, Senators Lavoie-Roux, Grimard, Meighen, to name a few, because I don't know what I could possibly add to their comments that would be original.

[*English*]

All these who so far have analyzed the Speech from the Throne have shed on it a light for which I am not qualified to comment, but there are in life some self-imposed obligations.

[*Translation*]

—obligations which one cannot escape without failing to honour one's responsibilities as part of a country that still cares about justice and social peace, although we know how fragile these two aspects of our democracy are, here as in other parts of the world.

However, I can no longer speak of national unity, because the *Québécoise* that I have become over the years no longer believes in it very much. This unity may be and is an ideal, but it no longer fits our real situation since it sank in the troubled waters of Meech, even though most provinces—

[*English*]

—have given us the very proof that it could be achieved if all senators had been respected concerning the five modest suggestions of Quebec.

[*Translation*]

But sticking to the subject of the Speech from the Throne, I think that at this time in our collective existence we must invent a national will in order to continue to make our future together.

I am neither a constitutional nor a legal expert; I am just a woman like many others in Quebec and all regions of the country who has tried for a great many years to communicate with her people and who, I think, has sometimes succeeded because life has taught me that to reach their hearts, you must talk with people and not simply talk at them.

[*English*]

To speak with people is so infinitely better than to speak at them.

[*Translation*]

When I was appointed to the Senate, like most of you, I really believed, although I was mistaken, that it would be possible for each and everyone of us, on both sides of this

House, to say noble things about our past, our present and our future. However, in less than two months, I had come to realize that Quebec, which is my first but not my last concern, is very seldom alluded to in this institution, which is almost always divided by partisan debates, at a time when the country as a whole is in jeopardy because of our political and constitutional differences. Dear colleagues from both sides of this House, I hope that, in the months to come, we will have matured enough and lived enough personal experiences to work together so that, at last, this House of sober second thought becomes indeed a place of sober second thought. If only we took the time that we spend squabbling and filled it with useful discussions aimed at helping our country get ahead, it seems to me that we would accomplish something useful which would enable us to regain the confidence of our fellow Canadians, for I am not convinced that we still have that confidence.

When we look beyond our borders—

[*English*]

When night after night we see on our television screens children dying of hunger—the result of some fractured peace, I, as a Québécoise—as with many, if not most, of you, I am sure—cannot look at those horrible pictures without weeping with shame, because, when I look around me, notwithstanding the fact that we too have poverty and sickness, I feel ashamed.

We seem to have inherited social peace as a grace of God, but selfishly we seldom think about what we have; rather, we speculate with an almost visible animosity on what we do not possess,and we seek to obtain with anger instead of compassion and love what we might possess.

[*Translation*]

Yesterday, I looked back (knowing full well I might open myself to ridicule), on what was then called the Pépin-Robarts Commission, because I am still convinced, fifteen years later, that we could, if we really wanted to, find in one of their publications entitled *A Future Together* some pieces of the solution to this Quebec-Canada crisis. The Canadian duality, which we recognized and proclaimed in 1979 as part of the basic principles of our federation has become the Canadian duellity, for lack of a better word. The disheartening and silent sadness most Quebeckers feel without your knowing could well turn into loudly-expressed anger if we do not get down to the task of finding some answers instead of doing our best to dodge the issues. If, here and there, people were to vent their anger, we would all be responsible. After all, as a King of France once said: "After all, this country is certainly worth a mass."

Many of us, and I am one of them, have lost in the waters of Meech Lake part of their love for and their confidence in this country which twice accepted the demands of Quebec only to reject them later because of one province and one man. Should I remind you, however, that this country did not begin to exist in 1867 but in 1534, and even long before that since the great native peoples had developed it earlier long before we arrived here. The cross set up by Cartier in Gaspé is still weighing heavy on our shoulders, and for how long? That is why I am telling you clearly that we must stop dreaming in terms of national unity and try to find a national will to recognize and accept what is making us different before looking for what is bringing us together.

[*English*]

A country is so much more important than a Constitution, and I hope my friend Senator Beaudoin will forgive me when I say that. When a Constitution does not accommodate the people who form the core of the country, then let us acquire the courage to alter it, to change it, to modify it. In Canada we all seem paralysed by the past when, in fact, it is our future that counts for our children and grandchildren.

[*Translation*]

When one has travelled the country like I have, one understands that beyond any political difficulty, what is deeply dividing us is precisely what should firmly bind us together, that is to say the languages, official or not, of our huge country. For heaven's sake, let us all speak the language of our choice in our every day life, while respecting that of others and maybe we will at last have made that first step towards the great coming together we all long for.

Honourable senators, I for one would like to believe before I leave for some other place or simply to recuperate among my family and friends, that the languages of our country have finally become instruments of culture rather than weapons of division. I thank you, honourable senators.

On motion of Senator MacEachen, for Senator Frith, debate is adjourned.

The Senate adjourned until Tuesday, May 28, at 2 p.m.

CONTENTS

Thursday, May 23, 1991

PAGE

Goods and Services Tax
Presentation of Petitions. Senator Hébert 49

Income Tax Conventions Bill
First Reading. Senator Doody 49
The Hon. the Speaker 49

Private Bill
Seventh-Day Adventist Church in Canada—Bill to Amend Act of Incorporation—First Reading Senator Lewis 49
The Hon. the Speaker 49

Committee of Selection
First Report Presented. Senator Phillips 49

Social Affairs, Science and Technology
Twenty-Fifth Report of Committee—Notice of Inquiry. Senator Marshall 49

National Defence
Notice of Motion to Establish Standing Senate Committee—Notice of Motion. Senator Marshall 49

Business of the Senate
Adjournment. Senator Doody 50
The Hon. the Speaker 50

PAGE

QUESTION PERIOD

Delayed Answer to Oral Question
Immigration
Landed Immigrant Status—Government Policy. Senator Doody 50

Speech from the Throne
Motion for Address in Reply—Debate Continued. Senator Doody 50
Senator Chaput-Rolland 50

Appendix
Officers of the Senate, the Ministry, Senators and Members of Senate and Joint Committees i

Progress of Legislation xvii

THE SENATE

Tuesday, May 28, 1991

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

Prayers.

CROWN CORPORATIONS DISSOLUTION OR TRANSFER AUTHORIZATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-8, to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof.

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the day for second reading on Thursday next, May 30, 1991.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present a petition signed by 136 citizens of New Brunswick who are opposed to the goods and services tax.

INTERNATIONAL ASSEMBLY OF FRENCH SPEAKING PARLIAMENTARIANS

ACTIVITIES OF CANADIAN SECTION

Hon. Jacques Hébert: Honourable senators, I have the honour to table in the Senate, in both official languages, the report of the Canadian Section of the *Assemblée internationale des parlementaires de langue française.*

[*English*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the petitions against the GST and the demand for an election to rectify this wrong-doing continue to come in addressed to me. I have the honour to present these petitions on behalf of the petitioners. Of course, I will not read each name—not today, at least. But as usual, I will recite the names of the towns and villages across the province of Quebec, and the cities where they originate.

These come from different municipalities in Quebec: Granby, St. Charles Sud, Cowansville, Dunham, Richelieu, Victoriaville, St. Hyacinthe, La Présentation, Montreal, Tracy, Princeville, Norbertville, St. Leonard and Laval. There is another petition from Montreal, St. Michel, Farnham, Rainville, Otterburn Park, St. Hilaire, Barrante, Roxton Pond, Chicoutimi, Baie D'Orfe, Beaconsfield, Pointe Claire, Rougemont, Asbestos, Terrebonne, Rogue-Brune, Notre-Dame-de-Grâce, Acton Vale, Wickham, Vanier, St. Angele de Mannoir, Cartierville, Rouyn-Noranda and Jonquiere. There is a total of 897 names just received in this one day. All of them, as I said before, set out the evils of the imposition of the GST and ask for an immediate election to remedy the wrong.

Similarly, petitioners from Ontario, in this case from Etobicoke, Toronto, Thornhill, Rexdale, Cambridge, and Kirkland Lake, request the same. That is a total of 253 names, for a grand total of some 1150 names just for this day from Ontario and Quebec.

AGRICULTURE

FARM CREDIT CRISIS—NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I give notice that tomorrow, Wednesday, May 29, 1991, I will call the attention of the Senate to the farm credit crisis that has been exacerbated by the inaction of this government.

THE ECONOMY

FAILURE OF GOVERNMENT TO ADDRESS ECONOMIC ILLS—NOTICE Of INQUIRY

Senator Olson: Honourable senators, I also give notice that on tomorrow, Wednesday, May 29, 1991, I will call the attention of the Senate to the failure of this government to address the economic ills of Canada.

UNEMPLOYMENT

FAILURE OF GOVERNMENT TO ADDRESS UNEMPLOYMENT IN CANADA, PARTICULARLY IN ALBERTA—NOTICE OF INQUIRY

Senator Olson: Honourable senators, thirdly, I give notice that tomorrow, Wednesday, May 29, 1991, I will call the attention of the Senate to the unemployment situation in Canada, and in Alberta in particular.

QUESTION PERIOD

EMPLOYMENT EQUITY

DEADLINE FOR REVIEW OF ACT—ESTABLISHMENT OF SPECIAL COMMITTEE TO UNDERTAKE REVIEW

Hon. Lorna Marsden: Honourable senators, on June 27, 1986, we passed in this chamber Bill C-62, an Act respecting employment equity. Section 13(1) of that Act states:

> Five years after the coming into force of this Act, and at the end of every three year period thereafter, a comprehensive review of the provisions and operation of this Act including the effect of such provisions shall be undertaken by such committee of the House of Commons as may be designated or established by the House for that purpose.

The Act was proclaimed on August 13, 1986, and so that deadline with be reached on August 13 next.

I would like to ask the Leader of the Government whether section 13(1) will be met—that is, which committee of the House of Commons will be reviewing the Employment Equity Act and what will be the deadline for that review?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must confess that I do not know the answer to that question. I shall consult with my colleague, the Leader of the Government in the House of Commons, and bring in a reply later.

Senator Marsden: Honourable senators, there have been a great many discussions on the House of Commons side about the review of this act. There is more than one committee to which this review might go. There is now a widespread view that a special committee may be established. I wonder if the Leader of the Government is aware of this and has a comment on that possibility?

Senator Murray: Honourable senators, I am afraid I am not up to date on those discussions in the other place. I must take refugee in my answer to the first question and will ask for a report from the Leader of the Government in the House of Commons.

CANADIAN PACIFIC RAILWAY

REROUTING OF WESTERN TRAFFIC THROUGH UNITED STATES

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in the Senate. Is the government aware of a decision by the Canadian Pacific Railway to reroute a good part of its western traffic outside of Canada and through U.S. lines? This will have a particular effect on the province of Manitoba. The main products involved in the movement are potash from Saskatchewan and some coal which normally was carried on Canadian lines, providing employment for Canadian railway workers, which is now being rerouted through the United States. Is the government proposing to take any action?

Hon. Lowell Murray (Leader of the Government): Again, honourable senators, I cannot be very helpful with information today. I do not have a note on that particular matter, but I shall ask my colleague the Minister of Transport if he has something to report on it.

• (1410)

THE SENATE

RESPONSIBILITY OF LEADER OF GOVERNMENT TO ANSWER QUESTIONS

Hon. H. A. Olson: Honourable senators, can the Leader of the Government give us a little guidance on how we should go about asking questions under the new structure—

Senator Barootes: Quietly and politely.

Hon. Royce Frith (Deputy Leader of the Opposition): What would you know about that, sir?

Senator Olson: We will do that. It will just be a continuation of the same procedure.

Since the Leader of the Government in the Senate is the only minister here, it is accepted that he is obliged to answer questions relating to all the activities of the government because there is no one else to do so.

I notice that the Leader of the Government is now on six cabinet committees, and he may not have time to be here as much as we would like him to be. As a matter of fact, he takes the Chair on a new cabinet committee on Human Resources, Social and Legal Affairs. That is what it says in this communiqué that was sent out from the Prime Minister's office.

Senator Murray also becomes a member of the new cabinet committee on Canadian Unity and Constitutional Negotiations. He continues to chair the Communications Committee. He is a member of the Priorities and Planning Committee, the Operations Committee and the Expenditure Review Committee.

Some Hon. Senators: Hear, hear!

Senator Olson: Honourable senators, I cannot think of anything else that he is on. He has social and legal affairs; he has constitutional negotiations; he has priorities and planning, operations and expenditure review. He has the whole gamut.

He does not really need to take notice of anything; he has been at every cabinet committee meeting. He has a responsibility to answer questions in this chamber on everything the government does.

I think the government leader has already ducked three times today. I have been there. It used to be handy once in a while to duck with, "I will take notice of the question," even if one knows the answer. Perhaps he could help us and guide us in how we should go about asking questions when we know he has been to all these cabinet committee meetings. Yet he says, "Well, I will have to take notice of the question."

Hon. Lowell Murray (Leader of the Government): Honourable senators, the situation has not changed. I have no portfolio responsibilities on which to report to Parliament. As I

have done for the past five years, I will attempt to answer a question when it is asked, when I am reasonably confident that my information is not only accurate but up to date and that I can reflect the policy of the minister in question. When I cannot do so, I will have to take notice of the question and bring in a delayed reply from my cabinet colleague.

Senator Olson: Honourable senators, if the minister insists that that is the way in which he will conduct himself, I guess we have to accept that. However, I think he will remember in the past when he used to complain.

Senator Murray: No.

Senator Olson: Yes, he did. He complained day after day that he did not get answers.

Senator Murray: Not about that.

Senator Olson: That was when there was a reversal of certain positions in this chamber. Since I have had some experience in this area, I am sure that almost everything that has been asked in this chamber today has been the subject of a discussion in one or other of the committees I have named. Of course, if the minister was there he knows the answer. I hope that he will take a slightly different attitude and that he will be a little more forthcoming. Sometimes we get a quicker answer from the deputy leader, and he does not attend any of these committees. That has happened more than once.

The other problem that I have that I want to complain about is that sometimes it is months after the minister has taken notice before you get an answer—weeks and months. It is as if he never takes notice at all. I hope that he will become a little more forthcoming. Time is of the essence in almost all of these matters, and if the answer from the government does not come until long after, it may no longer be valid or important to the person seeking the information. I hope the minister will assure us now that he will do a little better in this session than he did in the last one, since he has access to all these committees.

Senator Murray: As always, honourable senators, I will make every effort to make sure the honourable senator is well informed.

JUSTICE

GUN CONTROL—STATUS OF LEGISLATION

Hon. Richard J. Stanbury: Honourable senators, I should like to ask a nice simple question to which, I am sure, the government leader will have an answer.

Senator Buckwold: A simple answer.

Senator Doody: Not too complicated.

Senator Stanbury: On several occasions since the presentation of the report of the special House of Commons committee on the now defunct Bill C-80 concerning firearms, the Minister of Justice has assured interested persons that a new firearms bill would be introduced and considered as a priority of the government. Can the Leader of the Government in the Senate tell us whether or not his cabinet colleague is now prepared to introduce new gun control legislation prior to the summer adjournment, as she has publicly promised?

[Senator Murray.]

Hon. Lowell Murray (Leader of the Government): Honourable senators, I can report that my colleague, the Minister of Justice, hopes to bring in that bill, perhaps as early as this week. I hope the honourable senator will not hold me to that, because I am obviously not authorized to make a commitment based on Miss Campbell's hopes, but I can say that the legislation will not be long delayed. Its presentation in the other place is imminent.

Senator Stanbury: Honourable senators, I have a supplementary question. Not only has the minister mentioned several times that she will introduce the legislation—and I am gratified to hear that it may be that quickly—but she has assured her correspondents that the legislation will be passed before the summer recess. I wonder, first of all, how that assurance might be given. I suppose it means that it will be extremely attractive legislation. Can the Leader of the Government in the Senate advise us as to the timetable of his government on the issue, and can he tell us whether it is his intention as well that the expected bill will be law prior to the summer recess?

Senator Murray: Honourable senators, I cannot do that, for the simple reason that I do not know exactly when the bill will be introduced, although I expect it will very soon. Secondly, its progress through the House of Commons would depend on discussions in the other place between the house leaders. The honourable senator may be aware that the House of Commons is required, under its rules, to adjourn for a summer recess on, I believe, June 21, and that, of the sitting days between now and then, there is only a limited number that may be devoted to government legislation. So it will be a matter of discussion in the other place between the house leaders.

Then, of course, even if the bill does clear the House of Commons before June 21, there remains its passage through the Senate, and I presume honourable senators would want to give the bill careful scrutiny here and especially in committee. I should point out that this is the kind of bill that might be amenable to pre-study.

Senator Stanbury: Honourable senators, I am aware of those constraints, but I wonder whether the minister is, because of her undertaking that it would become law before the summer recess.

NORTH ATLANTIC TREATY ORGANIZATION

CONTINUED PRESENCE OF CANADIAN FORCES BASES IN GERMANY—GOVERNMENT POLICY

Hon. Jack Austin: Honourable senators, the German Foreign Minister, Hans-Dietrich Genscher, visited Ottawa on May 21 and held discussions with the Secretary of State for External Affairs, the Honourable Barbara McDougall. One of the topics of those discussions, as mentioned after their meeting at the press conference held by Mr. Genscher, was the question of the continued presence of Canadian military forces

in Germany. The German Foreign Minister urged Canada to retain its present complement in Germany. Miss McDougall was present, but there is no record in the transcript of her being asked what Canadian policy is in that respect.

• (1420)

Could the Leader of the Government tell us whether it is the intention of the government to retain the present complement in Germany, or at least a substantial complement?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there has been no change in Canada's policy in that respect.

Senator Austin: Could the minister tell us whether there is anything in the present defence policy studies, which the Associate Minister of Defence, Mary Collins, said would be released towards the end of June, touching on this particular subject? Is the matter now under consideration?

Senator Murray: As I indicated in the Senate last week, honourable senators, the government has embarked—and has only just embarked—on a review of Canadian defence policy. I am not aware that studies are about to be released.

As I also indicated last week, ministers have before them a statement by the chief of the defence staff outlining the views of the military as to the appropriate defence policy for Canada.

However, I think it could be some time before any determination would be made of these issues and, as I did last week, I would encourage honourable senators to take the matter under consideration, probably through a committee on defence policy such as was suggested by Senator Marshall and other honourable senators.

FISHERIES

LEGALITY OF FEES CHARGED TO FISHERMEN FOR MONITORING CATCHES

Hon. M. Lorne Bonnell: Honourable senators, could the Leader of the Government tell us whether the Department of Fisheries, the Department of Justice, or any other department has yet come to a conclusion about whether the Government of Canada had a legal right to charge fees to the fishermen for monitoring their fish catches at the wharfside.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to take that question as notice.

Senator Simard: That was answered in committee last week.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have several delayed answers to questions which I would ask to be printed as part of today's proceedings.

CANADA-UNITED STATES FREE TRADE AGREEMENT

APPEAL OF RULING—POSSIBLE REVOCATION OF AGREEMENT—EFFECT ON TRILATERAL NEGOTIATIONS—GOVERNMENT POLICY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the first delayed answer I have is in response to a question raised in the Senate on April 11, 1991 by the Honourable Senator Peter Bosa regarding the Canada-U.S. Free Trade Agreement—Appeal of Ruling—Possible Revoking of Agreement—Effect on Trilateral Negotiations.

(*The answer follows:*)

The Government strongly indicated its concerns about the U.S. request for an Extraordinary Challenge Committee.

Prime Minister Mulroney raised the matter with President Bush during his visit to Ottawa on March 4, 1991. Former Trade Minister Crosbie raised the matter with U.S. Trade Representative Carla Hills. Ambassador Burney raised the matter with numerous Washington, D.C. interlocutors.

The message conveyed was (1) no grounds existed for challenging the binational panel's actions; and (2) the U.S. request for an Extraordinary Challenge Committee was an abuse of the FTA.

We have a deal with the United States. It will not be renegotiated but we want it respected.

The Extraordinary Challenge provisions of the FTA are not a flaw in the Agreement. However, the use of the Extraordinary Challenge provisions in this pork case is an abuse of the process.

As the Prime Minister said in the House on April 11, 1991:

"We have a deal. It is not going to be renegotiated. We want it respected, and the Government of Canada is going to make sure it is respected."

TRANSPORT

FERRY SERVICE TO PRINCE EDWARD ISLAND—INCREASE IN RATES—GOVERNMENT POLICY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the second delayed answer I have is in response to a question raised in the Senate on April 15, 1991 by the Honourable Senator Lorne Bonnell regarding the Ferry Service to P.E.I.—Increase in Rates.

(*The answer follows:*)

On Monday, April 5, 1991 Marine Atlantic Inc. introduced a system of round-trip ticketing on their Prince Edward Island ferry service. From that date no tickets were required for passengers and vehicles going to P.E.I. Instead, round trip fares were collected on departure from the Island.

This change will reduce staffing, maintenance and operating costs associated with the toll booths and facilitate traffic flow into the Cape Tormentine terminal. A similar change is planned for the beginning of the operating season of the second Island service provided by Northumberland Ferries Limited.

In preparation for the changeover, Marine Atlantic Inc. posted information notices to its customers at the terminals and in local newspapers. As well, the system changes received wide media coverage. The newspaper advertisements informed the public who were planning to travel on or near April 15 to plan their trip to avoid incurring an extra fare. It is possible that, despite Marine Atlantic's efforts, some passengers who chose to leave the Island on or shortly after April 15 found themselves making an unavoidable one-time payment.

Marine Atlantic considered a possible rebate procedure but ruled it out because it would have been impossible in practical terms to administer, relative to the amount of the fare involved. Marine Atlantic believe that most of its customers were aware of the changeover situation and made their plans accordingly.

With regard to the question of a new ship for the Caribou-Wood Island ferry service, planning for this project has been on-going and it is expected that an announcement on the subject will be made fairly soon.

THE ENVIRONMENT

ELIMINATION OF TOXIC WASTE—STATUS OF FEDERAL PROGRAM

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the third answer I have is in response to a question raised in the Senate on April 16, 1991, by the Honourable Senator Colin Kenny regarding Elimination of Toxic Waste—Status of Federal Program.

(*The answer follows:*)

Instead of siting one incinerator in central Canada, the Federal PCB Destruction Program aims at siting regional PCB destruction facilities. These additional PCB destruction facilities will be sited when regional public consultation efforts have been completed.

Canada's Green Plan calls for the destruction of all PCBs under federal jurisdiction in Atlantic Canada, Québec, and Ontario, by 1996.

As of December 1990, the federal government had 217.4 tonnes of contaminated mineral oil (CMO) in service, and 115.9 tonnes of CMO in storage for disposal.

The total quantity of known CMO in the federal inventory has increased from 120 tonnes in 1988 to 503 tonnes in December 1990 (217.4 tonnes in-use, 115.9 in-storage, and 169.9 tonnes destroyed). The increase is a result of the discovery of new low-level PCB -contaminated transformers through routine testing procedures. It is possible that more contaminated oil containing transformers will be discovered as testing continues.

Over 4,000 tonnes of PCB wastes have already been destroyed at the Alberta Special Waste Treatment Centre near Swan Hills, Alberta, and over 5,000 tonnes of contaminated mineral oil have been decontaminated nationally.

A mobile incinerator leased by the federal government has destroyed 3,000 tonnes (47% by weight of the total federal inventory) of federal PCB wastes, and 600 tonnes of provincial PCB wastes at a site in Goose Bay, Labrador.

[Senator Doody.]

INVESTMENT CANADA

REQUEST FOR INFORMATION RESPECTING FOREIGN TAKEOVERS OF NEW BUSINESSES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the fourth delayed answer I have today is in response to a question raised in the Senate on May 14, 1991, by the Honourable Senator Royce Frith regarding Information Respecting Foreign Takeovers of New Businesses.

(*The answer follows:*)

Investment Canada has prepared the attached statistical summary on investments by non-Canadians approved or notified to the Agency pursuant to the Investment Canada Act each calendar year from mid-year 1985 to 1990.

During this five and a half year period, there were over 5,000 positive business investment decisions by non-Canadians in Canada, and the cumulative value of these decisions is well over $90 billion.

The data show that most years there are 200 to 300 new businesses reported, and the value in recent years has been $750 million to $1 billion. One major billion dollar project in 1989 pushed the total value of new businesses that year above the $2 billion level.

Each year there have typically been 600 to 750 acquisitions. The book value of the Canadian businesses involved has varied considerably from one year to another from between $11 billion to $24 billion.

Of the Canadian businesses acquired, about one in ten were previously foreign controlled. On the basis of book value assets involved, however, about one-third of the business assets were previously foreign controlled.

FOREIGN TAKEOVERS OF NEW BUSINESSES

TECHNICAL NOTES

1. The New Business data comprises two items: the number of new business notified; and the value in thousands of dollars is the amount of investment which the entrepreneur expects to make during the first two years of his business operations.

2. The Acquisitions data comprises two items: the number of cases (whether subject to notification only, or subject to review and subsequently approved); and the value in thousands of dollars is the value of the assets of the Canadian Business Enterprises being acquired. It should be noted that this value is an indicator of the scope of the business, but is not its present market value or purchase price which may be considerably higher or lower.

3. While the table adds together the values for New Businesses established and Canadian Businesses acquired each year, the derivation of these values is not the same. Hence, the use of such totals brings some imprecision to the individual value numbers.

4. Not all investment proposals approved under the Act are completed. Sometimes this is well publicized (e.g., two bids for a single Canadian business), and sometimes it is revealed during monitoring. Over the five and a half year period, transactions approved but not implemented amounted to 41 investments of the 5,266 total, and accounted for some $5.5 billion of the $98.7 billion total value.

5. These statistics also contain instances where a single Canadian business was acquired more than one time over this time period.

6. The statistics do not reflect the very substantial reinvestment made in foreign controlled corporations operating in Canada.

7. The statistics do not show those situations in which a foreign controlled corporation operating in Canada is acquired by a Canadian controlled corporation.

8. With respect to whether an acquisition was previously Canadian controlled or foreign controlled, the Agency has tracked applications since 1985. However, it was only in 1989 that this data was included on the Agency's notification forms. The statistics with this breakdown are therefore in two time periods:

   mid-1985 to 1988—acquisitions requiring applications

   1989 and 1990—all acquisitions whether applications or notification.

9. The different ratios shown between the mid-1985 to 1988 period compared with 1989-1990 is likely due in large part to the change in the different populations being measured, specifically the size of firms.

INVESTMENT CANADA

ACQUISITIONS BY NON-CANADIANS RESOLVED JUNE 30, 1985 TO DECEMBER 31, 1990 ($ billion)

	1985	(6 mos)	1986		1987		1988		1989		1990		Total	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Applications	74	5.4	157	13.2	177	18.1	198	9.6	183	21.4	125	13.4	914	$81.2
of which previously														
Canadian-owned	40	2.2	69	6.0	85	11.5	104	3.2	119	12.2	77	8.4	494	$43.7
Foreign-owned	34	3.1	88	7.1	92	6.6	94	6.3	64	9.2	48	5.0	420	$37.4
Acquisitions — notifications	243	$ .8	478	$ 1.3	504	$ 1.8	427	$ 1.3	751	$24.0	683	$15.6	2,778	$ 9.8
of which previously														
Canadian-owned	*	*	*	*	*	*	*	*	687	14.8	609	10.6	*	*
Foreign-owned	*	*	*	*	*	*	*	*	64	9.2	74	5.0	*	*
TOTAL ACQUISITIONS — Applications and notifications	317	$6.2	635	$14.5	681	$19.9	625	$10.9	934	$45.4	808	$29.0	3,692	$91.4

* No data available

INVESTMENT CANADA

NEW BUSINESSES AND ACQUISITIONS BY NON-CANADIANS RESOLVED JUNE 30, 1985 TO DECEMBER 31, 1990 ($ billions)

	1985	(6 mos)	1986		1987		1988		1989		1990		Total	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
New Businesses	216	2.4	358	1.0	279	.3	268	.7	240	2.0	213	.7	1,574	$ 7.2
Acquisitions	317	6.2	635	14.5	681	19.9	625	10.9	751	24.0	683	15.6	3,692	$91.4
Total	533	8.6	993	15.5	960	20.3	893	11.7	991	26.1	896	16.3	5,266	$98.7

[Senator Doody.]

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Noel A. Kinsella moved the second reading of Bill S-2, to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and the prevention of fiscal evasion, and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes.

[*Translation*]

Hon. Noel A. Kinsella: Honourable senators, the purpose of this bill is to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation and the prevention of fiscal evasion and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes.

[*English*]

Before discussing the details of this bill, honourable senators, I should like to say a few words about the desirability and the role of tax treaties. As honourable senators are aware, tax treaties are useful in promoting international trade and facilitating international investment. In particular, the existence of a tax treaty enshrining the basis, as well as the rate, of the applicable taxes generates certainty and provides a general air of tax stability that can only be reassuring to investors and traders. In short, a treaty rate of tax cannot be increased unless the treaty itself is modified or terminated. Termination is a rare event while revision is a lengthy process requiring the concurrence of the two governments, and in both cases taxpayers will normally receive advance notice of the impending changes.

Tax treaties also reduce annoyance in the operation of the tax system by eliminating the necessity of paying tax on business profits in the source country if there is no permanent establishment in that country, and by providing a mechanism to settle problems encountered by taxpayers. More importantly, tax treaties eliminate or alleviate double taxation in the instances where international transactions are involved that may give rise to the same income being taxable in the hands of the same person by more than one state.

This international juridical double taxation generally arises in three cases: first, where each contracting state subjects the same person to tax on his or her worldwide income; second, where a person is a resident of a contracting state and derives income from the other contracting state and both states impose tax on that income; and, third, where each contracting subjects the same person, not being a resident of either contracting state, to tax on income derived from a contracting state, which may occur, for instance, in the case where a non-resident person has a permanent establishment in one contracting state through which he or she derives income from the other contracting state.

Honourable senators, for the purpose of eliminating double taxation, the tax treaties establish two categories of rules. First, in the case of a number of items of income, an exclusive right to tax is conferred on only one of the contracting states. In this way the other contracting state is prevented from taxing, and double taxation is thus absolutely avoided. Second, for other items of income, the right to tax is not an exclusive one. These provisions confer on the state of source, or *situs*, a full or limited right to tax, and the state of residence must allow relief so as to avoid double taxation.

The major reform of Canada's income tax legislation in 1971 required Canada to expand its network of double taxation conventions—tax treaties—with other countries. Since that time, negotiations for the conclusion of new treaties or the revision of existing ones have been entered into with almost 75 countries. In this bill, honourable senators, the three tax conventions under review follow the general pattern of the conventions previously approved by Parliament, and the number of Canadian tax treaties in force is presently 49.

● (1430)

Honourable senators, I will now indicate briefly the main elements of these tax treaties. I will deal with the Exchange of Information Convention at the end of these remarks. These treaties generally provide that dividends may be taxed in the source country at a maximum rate of 15 per cent. However, in the case of dividends paid to a company that is a resident of a contracting state, a 10 per cent rate will apply if the company receiving the dividends holds an equity interest of at least 10 per cent—in the case of Mexico 25 per cent—of the voting power in the company paying the dividends.

In the case of interest paid by a resident of one country to a resident of the other country, a general rate of 10 per cent, and in the case of Mexico 15 per cent, will apply. There are, however, a number of exceptions. Interest paid in respect of a bond or similar obligation of the government, a political subdivision or local authority, is exempt in the country in which it arises. In addition, the three treaties contain a provision that would allow that interest paid in respect of a loan made, guaranteed or insured, or a credit extended, guaranteed or insured by certain state entities—an example in Canada would be the Export Development Corporation—be taxable only in the state where the recipient of such interest resides.

With respect to royalties, the conventions provide for a general rate of 10 per cent—15 per cent in the case of Mexico—in the source country. Copyright royalties are generally exempt under the three treaties. However, in the case of Czechoslovakia and Mexico they must be subject to tax in the state where the recipient resides in order to qualify for the exemption from source taxation.

Some of the other matters also dealt with in these tax treaties include the treaty provisions dealing with capital gains and reflect the standard Canadian position enabling the source country to tax gains arising in the sale of real property, business assets and shares in real estate companies. Under the conventions, discrimination on the basis of nationality is proscribed, thereby ensuring nationals of a country equal treatment with nationals of the other country in the same circumstances. However, this does not prevent a country from providing fiscal incentives; for example, the small business deduction on the basis of the residency of the taxpayer.

In the area of pensions, Canada has preserved its right to tax pensions paid to residents of Czechoslovakia, Finland and Mexico. In the case of Czechoslovakia and Mexico, the maximum rate of tax applicable by a contracting state to periodic pension and annuity payments to residents of the other state is 15 per cent. In the case of Finland, the maximum rate of tax applicable to periodic pension payments is 20 per cent. Finally, war veterans' pensions are generally tax exempt under the three treaties.

The treaties provide also that in Canada double taxation of a foreign source of income for Canadian residents is alleviated by way of a foreign tax credit in accordance with the limitations provided for by our legislation.

In addition, dividends received by a company resident in Canada from the exempt surplus of its foreign affiliate resident in a treaty country are exempt from tax in Canada. Reciprocally, relief from double taxation is granted in the other treaty country in accordance with the method recognized by that country.

[*Translation*]

Honourable senators, the convention for the exchange of information with Mexico was signed before the comprehensive tax agreement mentioned previously. It is limited to the exchange of tax information between Canada and Mexico and will complement the provisions on the exchange of information contained in the comprehensive agreement. The Information Exchange Convention will help fight tax evasion. It provides for three types of information exchange: (1) regular automatic exchange, (2) spontaneous exchange, (3) exchange in response to a specific request by the other government.

The Convention contains some provisions guaranteeing that the information will be provided only for tax purposes and only if providing this information is not illegal, does not reveal a trade secret and does not require a government to take measures that differ from its usual administrative practice.

Altogether, the terms of each of these tax agreements provide fair solutions to the various problems of double taxation between Canada and these countries. The Information Exchange Convention with Mexico is a useful complement to the comprehensive tax agreement with that country. Each of the countries concerned hopes to be able to implement the bilateral agreement as soon as possible and therefore I recommend that this House proceed diligently with this bill.

Thank you, honourable senators.

On motion of Senator Buckwold, debate is adjourned.

[*English*]

PRIVATE BILL

SEVENTH-DAY ADVENTIST CHURCH IN CANADA—BILL TO AMEND ACT OF INCORPORATION—SECOND READING—DEBATE ADJOURNED

Hon. David A. Croll moved the second reading of Bill S-3, to amend the incorporation of the Seventh-day Adventist Church in Canada.

He said: The Seventh-day Adventist Church is a Christian denomination which, as its name will suggest, is indicative of the tenets of a church. An Adventist is one who observes the seventh day of the week, Saturday, as the sabbath. Members of the Seventh-day Adventist Church follow literally the commandments of both the Old and New Testament, believing that Saturday is the day of rest from their regular work and labour.

The Seventh-day Adventist Church was organized first in the province of Quebec in 1857. It was officially organized in Canada in 1901. In Canada at the present time there are over 40,000 members of the Seventh-day Adventist Church in all Canadian provinces and territories. There are 317 congregations and 275 clergy. There are, as well, 85 denominational schools and colleges in Canada operated by the Seventh-day Adventist Church. The church operates a degree-granting college in the province of Alberta which caters to students across Canada.

• (1440)

The purpose of the present bill is to amend 1963 legislation by providing for a board of directors to manage the affairs of the corporation. Directors will be not less than six and shall be elected at least once every six years by the members of the delegation of the corporation.

There are a few bylaws that need redefinition, and we are doing so in this bill. The bill is for the purpose of clarifying and tidying up the corporate affairs of the church and to keep them in harmony with current corporate practices and procedures. A convention will be held on June 21-24, 1991. They would like to have this bill passed, if at all possible, before that time.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I will take the adjournment of the debate. Ordinarily I would send it directly to committee. There is nothing that is contentious or causes any problems with this particular bill, but since the committee to which it would normally have been sent has not been set up, it is best that I take the adjournment and refer it to committee later.

On motion of Senator Doody, debate adjourned.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Meighen, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Third Session of the Thirty-fourth Parliament.—(*Honourable Senator Frith*). (3rd day of resuming debate)

[Senator Kinsella.]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I again offer to yield the floor to any senator who wishes to speak. Otherwise, it will not count as a day of debate.

Hon. C. William Doody (Deputy Leader of the Government): Agreed.

Senator Frith: In that case, I ask that the debate be adjourned, subject to the same conditions, namely that I am ready to yield to anyone who wishes to speak.

Senator Doody: That is agreed.

Order stands.

COMMITTEE OF SELECTION

FIRST REPORT ADOPTED

The Senate proceeded to consideration of the First Report of the Committee of Selection, presented in the Senate on March 23, 1991.

Hon. Orville H. Phillips: Honourable senators, I move the adoption of the report.

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

Some Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I want to make our position clear with respect to this report and its adoption.

First, a brief word of history. The Committee of Selection was set up by a decision of the Senate on the first day of the present session. The *Rules of the Senate* provide that the Committee of Selection and the Committee on Privileges be set up at the commencement of each session. I am advised that the tradition has been that both of those committees are set up—the one on privilege being a committee of the whole—on the very first day of the session, when the Senate is in session for the reading of the Speech from the Throne with the customary packed house of guests. So it is passed as a routine matter.

This year Senator Doody moved that the committee be set up with the names referred to in the motion he proposed on that day. It carried. The difficulty that has arisen since that time is that, although there is no question that the committee was duly set up since it was the Senate itself that made that decision, an equally solid tradition has been that the Committee of Selection and other committees reflect the standing in the Senate. There has never been a time when either the government or the opposition, whether Liberal or Conservative, has ever taken upon itself to establish a majority on the Committee of Selection when it did not have or enjoy a

majority in the Senate. So the present circumstances are unique in the correct sense of the word "unique."

The committee having been set up by the decision of the Senate in the circumstances that I have described, a meeting was held. That meeting, on May 22 last, is the subject of the report before us and Issue No. 1, is the printed proceedings of the committee on the nomination of a senator to preside as Speaker *pro tempore*. I can say parenthetically that at the meeting the only two items on the agenda were the election of a chairman and the nomination of a Speaker *pro tempore*.

At that time I took the position, as reported in the proceedings to which I have just referred, that the committee was mistakenly constituted on the basis of five Conservative members and four Liberal members. In the previous session the committee had consisted of nine with the numbers reversed—that is, a majority of Liberal senators, namely, five, against four Conservative senators.

As to the chairmanship, although that was the situation pertaining during the last session, it was agreed that Senator Phillips, though representing the minority party on the committee, would act as chairman. That was, as I recall it, a matter of consensus, unanimous consent, agreement, whatever word one wishes to choose.

The position that I took on behalf of my colleagues at the meeting was that the government should not have a majority on that committee or on any committee. Because of the unique circumstances, neither the Liberal nor Conservative senators could be represented by a majority on that committee because neither the Liberals nor the Conservatives have a majority in the Senate.

The government supporters took the position that they were entitled to that majority and proceeded to elect a chairman, over our objections, and then proceeded to nominate a Speaker *pro tempore*. There had been no previous consultation on either the choice of a chairman or on the nomination of a Speaker *pro tempore*. The first that we had heard about either of those subjects was when the names were put forward at the meeting.

Senator Doody quite candidly said in the proceedings that he meant to use the majority, to which we were objecting, to proceed with the business that was on the agenda, namely, the election of a chairman and the nomination of a Speaker *pro tempore*.

I should say tell honourable senators that at that point, our objection being ignored, we withdrew, having stated that we did not recognize either the establishment of the chairman of the committee or the nomination of a Speaker *pro tempore*.

In order that honourable senators have a fuller picture as to what took place at that committee, I refer to page 14 of the proceedings of the Committee of Selection to which I have referred. About halfway down it states:

> **The Chairman:** The purpose of today's meeting—
>
> **Senator Frith:** They obviously want to carry on all the proceedings on their own side only—
>
> **The Chairman:** . . . is to nominate a Speaker *pro tempore*. The meeting is open for nominations.

Then something took place that is not recorded. I do not know that it ever is, but if the record reflected what took place as distinct from what was said, honourable senators would know that at that point the Liberal members of the committee withdrew because the committee meant to proceed, although, in our view, incorrectly constituted.

Honourable senators, we did not participate on our side in the election of the chairman or in the appointment or nomination of the Speaker *pro tempore*. We do not intend to participate in the adoption of the report, consistent with the position that we took in the committee that it was not properly constituted.

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

Some Hon. Senators: Agreed.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Tuesday, May 28, 1991

PAGE

Crown Corporation Dissolution of Transfer Authorization Bill
First Reading. The Hon. the Speaker 52

Goods and Services Tax
Presentation of Petitions. Senator Hébert 52

International Assembly of French Speaking Parliamentarians
Activities of Canadian Section. Senator Hébert 52

Goods and Services Tax
Presentation of Petitions. Senator Frith 52

Agriculture
Farm Credit Crisis—Notice of Inquiry. Senator Olson 52

The Economy
Failure of Government to Address Economic Ills—Notice of Inquiry. Senator Olson 52

Unemployment
Failure of Government to Address Unemployment in Canada, Particularly Alberta—Notice of Inquiry. Senator Olson 52

QUESTION PERIOD

Employment Equity
Deadline for Review of Act—Establishment of Special Committee to Undertake Review. Senator Marsden 52
Senator Murray 53

Canadian Pacific Railway
Rerouting of Western Traffic Through United States. Senator Molgat 53
Senator Murray 53

The Senate
Responsibility of Leader of Government to Answer Question. Senator Olson 53
Senator Barootes 53
Senator Frith 53
Senator Murray 53

Justice
Gun Control—Status of Legislation. Senator Stanbury 54
Senator Buckwold 54
Senator Doody 54
Senator Murray 54

PAGE

North Atlantic Treaty Organization
Continued Presence of Canadian Forces Bases in Germany—Government Policy. Senator Austin 54
Senator Murray 55

Fisheries
Legality of Fees Charged to Fishermen for Monitoring Catches. Senator Bonnell 55
Senator Murray 55
Senator Simard 55

Delayed Answered to Oral Questions
Senator Doody 55

Canada-United States Free Trade Agreement
Appeal of Ruling—Possible Revocation of Agreement—Effect on Trilateral Negotiations—Government Policy. Senator Doody 55

Transport
Increase in Rates—Government Policy. Senator Doody 55

The Environment
Elimination of Toxic Waste—Status of Federal Program. Senator Doody 56

Investment Canada
Request for Information Respecting Foreign Takeovers of New Businesses. Senator Doody 56

Income Tax Conventions Bill
Second Reading—Debate Adjourned. Senator Kinsella 58

Private Bill
Seventh-Day Adventist Church in Canada—Bill to Amend Act of Incorporation—Second Reading—Debate Adjourned. Senator Croll 60
Senator Doody 60

Speech from the Throne
Motion for Address in Reply—Order Stands. Senator Frith 60
Senator Doody 60

Committee of Selection
First Report Adopted. Senator Phillips 60
The Hon. the Speaker 60
Senator Frith 60

THE SENATE

Wednesday, May 29, 1991

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

Prayers.

[*Translation*]

GOODS AND SERVICE TAX

PRESENTATION OF PETITION

Hon. Jacques Hébert: Honourable senators, I have the honour to present a petition signed by 83 citizens of the Province of Ontario who are opposing the GST. They are from Port Colborne, Port Erie, Tunis and Alexandria.

[*English*]

Hon. M. Lorne Bonnell: Honourable senators, I have a petition from King's County, Nova Scotia with about 25 names on it. The petitioners are asking us to do what we can to stop the goods and services tax.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a group of petitions to present today. They seem to be arriving every day from across the country. I have 10 petitions to present in all, containing a total of 199 names.

From Alberta I have a petition signed by people living in Rainbow Lake, Valleyview, Falher, McLennan, Grande Prairie, Edmonton and Girouxville. There is a total of 20 names on this petition, all of whom oppose the GST and want an election to rectify this wrong.

From Ontario I have four petitions with a total of 81 names. They are from Lively, Rutherglen, North Bay, Bonfield, Chelmsford, Kirkland Lake—there were also two names on the Quebec list from Kirkland Lake—Kitchener and Hamilton.

From Quebec I have five petitions with a total of 98 names. They are from people in Rouyn-Noranda, Hull, Notre-Dame-du-Nord, Virginiatown, Cloutier, Val d'Or, Amos, Loney, Ste.-Thérèse and Jonquière.

PRIVATE BILL

UNIVERSITY OF EMMANUEL COLLEGE—BILL TO AMEND ACT OF INCORPORATION—FIRST READING

Hon. Sidney L. Buckwold presented Bill S-4, to amend the Act of Incorporation of the University of Emmanuel College.

Bill read first time.

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

Senator Buckwold: Honourable senators, with leave, I move that the bill be read the second time tomorrow, May 30.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I think a bill of that nature usually requires two days' notice, but we have no objection if the senator wishes to proceed tomorrow.

Senator Buckwold: I have no objection to proceeding immediately. It is just that I do not want to upset some eternal plan that may be in place.

Senator Doody: I think the honourable senator misheard me. I said that normally a bill of that nature requires two days' notice, but we have no objection to proceeding tomorrow, if the honourable senator wishes to do so.

Senator Buckwold: Probably that would be better, as I do not have my documentation with me.

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

Hon. Senators: Agreed.

Motion agreed to and bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

COMMITTEE OF SELECTION

SECOND REPORT PRESENTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection presented the following report:

Wednesday, May 29, 1991

The Committee of Selection has the honour to present its

SECOND REPORT

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

SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators Atkins, Bolduc, Carney, Cogger, *Murray (or Doody), Ottenheimer, Roblin and Waters.

**Ex officio* members

COMMITTEE ON INTERAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Cochrane, Comeau, Davey, David, Doyle, Forrestall, Hastings, Kelly, Kenny,

Lawson, Lefebvre, Lynch-Staunton, *MacEachen (or Frith), Marchand, *Murray (or Doody), Teed and Wood.

**Ex officio* members

SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Bolduc, Castonguay, Everett, Eyton, Kinsella, *Murray (or Doody), Oliver and Simard.

**Ex officio* members

SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Beaudoin, Castonguay, DeWare, Doyle, Meighen, *Murray (or Doody), Nurgitz and Teed.

**Ex officio* members

COMMITTEE ON STANDING RULES AND ORDERS

The Honourable Senators Balfour, Barootes, Cogger, Doyle, Grimard, Kinsella, Lavoie-Roux, Molson, *Murray (or Doody), and Robertson.

**Ex officio* members

JOINT COMMITTEE FOR THE SCRUTINY OF REGULATIONS

The Honourable Senators Beaulieu, Buchanan, Cogger, Grimard and Ottenheimer.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

Hon. Jack Marshall: Honourable senators, I did not hear anything about the Social Affairs, Science and Technology Committee. Could Senator Phillips please advise me on that?

Senator Phillips: Not all of the committees were selected today. We will be doing the other committees at a later date.

Senator Marshall: Could he also advise whether the Foreign Affairs Committee will be striking a subcommittee on national defence?

Senator Phillips: That, of course, will be up to the committee and, I believe in a certain respect, to the Senate, due to the fact that this question has been raised by the Honourable Senator Marshall in the past.

The Hon. the Speaker: When shall this report be taken into consideration?

Senator Phillips: With leave of the Senate, now.

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

Hon. Allan J. MacEachen (Leader of the Opposition): I wonder if the chairman of the committee would explain to me why it is that the name of the Leader of the Opposition is not contained in any of the committees, even though I understand that under the Rules of the Senate the Leader of the Opposition and the Leader of the Government are automatically members of each committee? I did not detect the name of the Leader of the Opposition. I did detect the name of the Leader of the Government.

• (1410)

Senator Murray: On one of them.

Senator MacEachen: Is it a lapse, or what is the reason for it?

Senator Phillips: I believe the Leader of the Opposition is well aware of the fact that both the Leader of the Opposition and the Leader of the Government are *ex officio* members of all committees and, in cases where either the Leader of the Opposition or the Leader of the Government is unable to attend, the Deputy Leader of the Government or the Deputy Leader of the Opposition may attend.

Senator MacEachen: I understand that. What I asked was why the listing was not included in the committees just named.

Senator Phillips: Because they are *ex officio* members.

Senator MacEachen: When you are an *ex officio* member you are not listed. You never know, and nobody else knows.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Phillips, seconded by the Honourable Senator Doody, with leave of the Senate and notwithstanding rule 45(1)(*f*) that this report be placed on the Orders of the Day for consideration now.

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

Some Hon. Senators: No.

The Hon. the Speaker: Leave is not granted.

Hon. M. Lorne Bonnell: Honourable senators, I do not want to hold up this matter but I did not catch all of the names that were read by the Clerk at the Table. I did not hear my name mentioned as a member of any committee. I hate to think that the province of Prince Edward Island will be left out. I would appreciate an opportunity of seeing that list and, if the whip's motion is agreed to and we do consider the matter later this day, I think a copy of the names should be sent to all senators so that we will know what committees we are on.

Senator Olson: There is some real mischief in there.

Senator Phillips: Honourable senators, in reply to Senator Bonnell, I would point out that there is already legislation on the order paper waiting for referral to some of these committees. I hope he will recall that yesterday, when his colleague, Senator Croll, moved a motion, we were unable to proceed

further with it because not all of the committees had been established.

I would hope that Senator Bonnell and other senators would be inclined to approve the membership of those other committees today so that we may proceed further with another meeting. We have already had a very extensive meeting this afternoon. I am sure that Senator Bonnell's name will come up in the future and that he will be just as happy as he always has been.

Senator Bonnell: Honourable senators, I do not want my good friend from Prince Edward Island, Senator Phillips, to get the impression that I am trying to hold up this matter because I am not. If he wants to vote later this day, then that is fine by me; but I would like a copy of these lists placed on senators' desks so that we can know who is on what committee. It seems to me that we have proceeded in a rush. The Clerk at the Table read a whole list of names, and when you get to my age it is very difficult to remember them all and what committee the senators are on. It is unfair to expect me to vote on this matter immediately. In order to give this matter sober second thought, I should at least be able to see the list and to assess whether the province of Prince Edward Island is still a part of Canada.

Senator Phillips: I am perfectly happy with the suggestion made by Senator Bonnell if we can return to this matter later on today. I am perfectly agreeable to that.

In reference to his memory, I would point out that at election time he still remembers how his constituents voted.

Hon. Royce Frith (Deputy Leader of the Opposition): Is the report to be considered at the next sitting?

An Hon. Senator: The motion is still for later this day.

Senator Frith: The rules require that it be considered at the next sitting.

The Hon. the Speaker: Honourable senators, leave was not granted. Is it agreed that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate?

Hon. Senators: Agreed.

On motion of Senator Phillips, report placed on the Orders of the Day for second reading at the next sitting of the Senate.

QUESTION PERIOD

FISHERIES

LEGALITY OF FEES CHARGED TO FISHERMEN FOR MONITORING CATCHES—REQUEST FOR ANSWER

Hon. M. Lorne Bonnell: Honourable senators, I wonder if the Leader of the Government in the Senate can advise me today as to the legal status of the action of the Ministry of Fisheries and Oceans in charging the fishermen at the wharfside for monitoring their fish catches. Is that legal or not legal? Has he had an opportunity to look into that matter to see what is the legal status of that operation?

Hon. Lowell Murray (Leader of the Government): Honourable senators, a reply to the question asked by my friend yesterday will be forthcoming in due course under Delayed Answers, but I do not believe that it is ready today.

Hon. C. William Doody (Deputy Leader of the Government): No, I have nothing.

Senator Bonnell: I noticed that the Leader of the Government in the Senate looked over to his Deputy Leader as if he had a pile of answers for later today. Is that one of the answers coming up?

Senator Doody: I have nothing. I am bereft.

Senator Bonnell: Does the government not know whether it is adhering to the laws of the country and abiding by the Constitution when its officials are asking the fishermen of Quebec, Newfoundland, Nova Scotia and Prince Edward Island to pay a fee for monitoring fish catches? Does the government not know if its officials are proceeding legally or not?

Senator Murray: Honourable senators, if the government is taking some action of the kind described by the honourable senator, it would be done under the provisions of some statute or regulations, and we would have satisfied ourselves as to the legality of the matter. If anyone wishes to contest the legality of the matter, he, of course, has the recourse which is open to all citizens in this country, which is to go to court.

Senator Bonnell: Is the Leader of the Government telling me that the government now has some statute or regulation to back up its action; that it has done it legally, and that is why it did it in the first place? Or is he telling me that the government intends to check into it now to see if it was acting legally in the first place?

Senator Murray: Honourable senators, what I agreed yesterday to check into, as the honourable senator puts it, is the question that he posed yesterday. I can tell the honourable senator that, as a matter of general and invariable principle and practice, the government satisfies itself as to the legality of its actions before undertaking them.

Senator Olson: Oh, oh, be careful!

Senator Bonnell: That might be the case regularly, but, in this case, did it go beyond its authority? Did itgo beyond the Constitution? Did it go beyond its jurisdiction? Did it go beyond legislation? Did it go beyond its powers and pick on the poor fishermen of Atlantic Canada?

Senator Murray: The answer to all of those questions is no, honourable senators.

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator DeWare, for the second reading of Bill S-2, An Act to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and prevention of fiscal evasion, and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes.—(*Honourable Senator Buckwold*).

Hon. Sidney L. Buckwold: Honourable senators, I am pleased to participate in the debate on Bill S-2, which was very well introduced by Senator Kinsella. This bill, as all honourable senators are aware, represents the tax treaty between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and the prevention of fiscal evasion and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes.

I think that the wording of the title to the bill is quite self-explanatory.

Honourable senators, I find it very difficult to continue talking with the amount of noise in the Senate.

Senator Doody: Too many meetings!

Senator Buckwold: This is an important piece of legislation.

Hon. Lowell Murray (Leader of the Government): Order, please!

Senator Buckwold: Honourable senators, as I have said, I congratulate Senator Kinsella for a very lucid explanation of what I consider to be a very civilized development over the past many years whereby we are eliminating a number of problems concerning taxation between countries. As Senator Kinsella pointed out, with the coming into force of these three additional tax treaties I believe there will be 52 countries with which Canada now has tax treaties involving ways and means—and each one is different—of solving a variety of taxation problems of individuals and corporations in relation to various countries, and the income that is reported therefrom.

• (1420)

Treaty-making is a very complicated business which involves royalties, copyrights, capital gains, dividends, interest payments, pensions along with profits and the other monetary procedures that occur when Canadians have financial interests in other countries of the world, and vice versa. Therefore this is a very desirable development and one which I am sure all of us will applaud.

With regard to the proposed legislation, each tax treaty is negotiated with the individual country and each treaty has minor variations although the basic principals remain the same. As far as I can determine, there is nothing new in these particular treaties which cause them to deviate from like treaties of the past; nor is there anything, honourable senators, that is particularly controversial. The Government of Canada continually adds to its list of nations with which such treaties have been signed, and Bill S-2 is the most recent example.

By the way, I congratulate the government in that we are beginning to see "S" bills. In the past about 20 per cent of legislative bills originated in the Senate. It is with regret that I have observed that percentage greatly reduced over the past several years. Nevertheless, the fact that we are beginning to see some "S" bills originated by the government is perhaps an indication that this chamber will be used to reduce the burden on the House of Commons with regard to non-controversial pieces of legislation in that it would enable the House of Commons to dedicate itself to more urgent and controversial legislation.

Let me mention a couple of points, further to Bill S-2, that may be of interest to honourable senators. The titles of these conventions refer to the avoidance of double taxation and to the prevention of fiscal evasion. As honourable senators will recall, the federal government now claws back some or all of the old age pension, yet income tax rules allow non-residents receiving the old age pension to escape this clawback. This is an interesting aspect of the bill relating to the clawback of old age pensions.

It was pointed out, in our committee study of that bill last year, that if one is a Canadian not living in Canada and drawing an old age pension, then the pension is not clawed back; that it is not subject to the income tax that one would otherwise pay on one's entire pension.

Senator Stewart: Then there is Mr. Irving.

Senator Buckwold: Oh, yes, Mr. Irving. He lives where now?

Senator Stewart: In the Bahamas, I believe.

Senator Buckwold: Yes, Mr. Irving now lives in the Bahamas, and the fact that he is not paying back his full old age pension, as indeed Senator Everett and Senator Olson are doing, I am sure will make a major difference to him. I do not want to suggest that anyone should move out of the country, but should you want to save a little money on your old age pension and your income is over $50 thousand dollars a year, I will be very glad to advise your moving out of the country. Then, under this cockeyed piece of legislation, you will not have to pay back your pension.

Senator Everett: May I interrupt the honourable senator on a point of personal privilege? I am not yet receiving the old age pension.

Senator Buckwold: I certainly apologize to Senator Everett. It seemed to me that when he walked across the floor he looked so aged that I was sure he was getting those cheques. I apologize.

Honourable senators, the fact that non-residents escape this clawback probably does not constitute evasion of taxes in the technical sense, but their ability to avoid the clawback does imply some sense of unfairness in the application of that tax, and it is something that treaties do not address. That is one of

the relatively minor subjects that may be questioned when this bill goes to committee. It is too important an aspect—although as I say it is not world shattering—to let it go by, in view of our previous interest in the clawback of the old age pension.

The second point that I draw to your attention refers to the taxes involved in the conventions. These conventions are signed by national governments, some of which, like Canada, are national governments in a federal state. These conventions refer to taxes imposed by the Government of Canada, but in some cases the Government of Canada also collects taxes imposed by the provinces, and in some cases provinces collect their own taxes.

The question is whether some federal taxes are covered. My understanding is that they generally are not, but the wording of the three schedules in Bill S-2 is somewhat confusing. Article 2 of Schedule I, Canada-Finland, for example, refers to "taxes on income imposed on behalf of each Contracting State or of its local authorities, irrespective of the manner in which they are levied."

Article 2 of Schedule II of the Canada-Czechoslovakia treaty refers to "taxes on income and on capital on behalf of Canada and on behalf of Czechoslovakia or of its political subdivisions or local authorities, irrespective of the manner in which they are levied." Not only does this schedule include capital in the base, it is also more explicit in reference to sub-national levels of government. But that applies only to Czechoslovakia.

Article 2 of Schedule III, Canada-Mexico, refers only to income taxes imposed on behalf of each contracting state irrespective of the manner in which they are levied. I am pointing this out to you because there is some confusion as to just how far the tax treaty is involved in income taxes that are not imposed by the federal government in Canada, the Canadian government, and those taxes that are imposed by provinces or states or other jurisdictions within the country involved, in the treaty.

In the case of Canada, paragraph 3 of Article 2 of each schedule refers to taxes imposed by the Government of Canada under the Income Tax Act. Taxes collected by the federal government for the provinces are not covered under these conventions, nor are taxes collected by the provinces, such as Quebec, where they collect income tax through their own jurisdiction, or the Ontario, Quebec and Alberta corporate taxes. In practice, though, foreign jurisdictions might allow credits for such provincial taxes. If in the future the federal government withdraws, leaving income tax room to enable the provinces to collect more of their own taxes, the value of these conventions in preventing double taxation might diminish.

Again, these are the kinds of questions that should be asked by the committee. I do not think we have done it in any great depth in the past insofar as the relationship of provincial tax levies as opposed to federal tax levies.

Having made these comments, I am pleased to indicate the support of this side for the bill that is presented, subject, of course, to proper questioning by the committee on those points that I have raised, and that I am sure will be raised by other members of the committee.

[Senator Buckwold.]

Senator Doody: If no one else wishes to speak at this time I will take the adjournment of the debate. This bill should be referred to a committee, presumably Foreign Affairs. Since that committee is not yet constituted, I will simply stand the order in my name and ask that the bill be referred to the committee when the committee is prepared to accept it.

On motion of Senator Doody, debate adjourned.

• (1430)

PRIVATE BILL

SEVENTH-DAY ADVENTIST CHURCH IN CANADA—BILL TO AMEND ACT OF INCORPORATION—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Croll, P.C., seconded by the Honourable Senator Neiman, for the second reading of Bill S-3, An Act to amend the Act of incorporation of the Seventh-Day Adventist Church in Canada.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this bill is in a sort of limbo at the present time. It is awaiting the setting up of the Legal and Constitutional Affairs committee. When that committee is ready to receive the bill, I will see that this bill is referred to it.

Order stands.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Meighen, for an Address to His Excellency the Governor General in reply to his speech at the opening of the Third Session of the Thirty-fourth Parliament.—(*Honourable Senator Frith*). (4th day of resuming debate)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I yield to Senator Olson.

Hon. H. A. Olson: Honourable senators, I wish to participate in this debate on the reply to the Speech from the Throne for a particular reason: namely, to find out what the new mode of this government is respecting the Speech from the Throne.

For a long time, a Speech from the Throne was brought before Parliament and before Canadians to do a number of things. One was to mention certain anniversaries or progress—something like the State of the Union Address, only not exactly the same. The rest of it was to brag about some things that the government had done over the last year or so. But most important, the Speech from the Throne laid out the proposals of the government for this session in general terms—

not hard, detailed, specific terms, but to identify problems that it believed were faced by the country, with which the government was expected to deal. Honourable senators, that is missing from this Speech from the Throne.

So that is puzzling. I want to know what it is that the government intends to do, now that we have it. I know that the Speech from the Throne refers to the problem of unity, and that is important; it talks about the constitutional crisis—and I understand there is some of that going on. The longer this government is in office, the worse the situation seems to get. Outside of naming some more commissions—and, heaven knows, we have enough of them now, if we add up all the federal and provincial committees, commissions, task forces, and whatnot—what will the government do to come to grips with the so-called constitutional crisis? I do not think we need more of them, although the government continues to talk about setting up a few more. There is no hard, specific, or comprehensive mention of what it will do about the economy; nothing.

I do not understand how the government can have the nerve to come to Parliament with a Speech from the Throne and not mention the crisis in agriculture.

Senator Frith: One thing they have plenty of is nerve.

Senator Olson: That at least gives me one indication of what this government has. I never thought of that. One thing it has is plenty of nerve, because the agricultural crisis is not even mentioned and it is worse than it ever was. The farm credit crisis has not improved. Senator Barootes will testify to that. In Saskatchewan it has not improved at all.

Hon. Efstathios William Barootes: Speak for yourself.

Senator Olson: From time to time it is useful to call as a witness some highly respected people like Senator Barootes, because I know that he understands the situation. It is not mentioned in the Speech from the Throne. It mentions the problem of unemployment as though it were a little problem; but unemployment is worse now than it has been for 10 years.

Hon. Lowell Murray (Leader of the Government): Not really.

Senator Olson: That is what Statistics Canada says.

Senator Murray: No.

Senator Olson: The figures are 10.3, 10.5 per cent. I have heard the Leader of the Government—I am paraphrasing him a little— say that it has never been as bad as it was before they came into office; in other words, that since 1984 the situation improved all the time—yet it is worse now than in the early 1980s.

Senator Barootes: No, no. In 1981 it was 12 per cent.

Senator Murray: I will put the figures on the record.

Senator Frith: The way they are reacting, it must be right.

Senator Barootes: Accuracy means nothing.

Senator Olson: Let us not argue about a percentage or two. Why is this situation completely absent from the Speech from the Throne? I am puzzled. Is it just a straight cop-out?

Senator Simard: Look at the budget.

Senator Olson: You are not going to do anything about these things. Do you not recognize that the figures are an indication of the state of Canada today? Do you not even believe there is a crisis in farm credit and debt service charges in agriculture? If you do, you said nothing about it in reviewing the Canadian scene.

I had better get back to where I started. I want to know what we can expect in the Speech from the Throne, because different governments have different styles, a different mode of using the Speech from the Throne. For example, I recall that when the Right Hon. John George Diefenbaker was Prime Minister, he had a lot to say about the government statements in the Speech from the Throne. He would present an assessment of the situation in Canada, and then, in very broad general but limited phrases, he would describe what the government intended to do or expected to do in the course of the session. More specifically, he described in general terms what legislation would be forthcoming by way of new or amending bills. That is not included in this Speech from the Throne. There are some issues raised, but the important things are not there. There is nothing about the farm crisis, nothing about what will be done to get the economy going again.

Senator Murray: Debt Service Reduction Fund; spending caps.

Senator Buckwold: How about jobs?

Senator Olson: How about jobs, jobs, jobs? I will mention some statistics about that, too. Senators opposite may say that I am wrong, but I looked up the statistics before I came down here. The unemployment rate at the beginning of April was 10.5 per cent, according to Statistics Canada, and it declined probably by .3 per cent, three tenths of one per cent, during April. Ordinarily, April is the month when the whole country is emerging from winter and when all kinds of projects get started. That is the nature of Canada. Construction and all kinds of other activities quieten down in the wintertime, but in April they start to get going again.

● (1440)

Yet what do we have from this government? What are the facts? Three-tenths of one per cent is all the improvement there was during the month of April. Even in that month, according to Statistics Canada, part-time employment rose by 48,000 jobs. Full-time employment fell by 6,000 jobs. I guess that does not disturb honourable senators opposite. You can go on substituting part-time jobs, which are usually at the minimum wage rate, for full-time jobs and try to kid people that you have created just as many jobs as were lost, if not more. The people know better than that. They know that you cannot substitute a part-time job for a full-time job and then claim that the statistics are fine.

I would like to turn now to the case of Alberta, which is why I am particularly disturbed. When I complain about the problems we are having in the economy, the Leader of the Government tells me how great it is in Alberta. I guess it is true. In places such as Calgary, which is a major city, the

unemployment rate is lower than in any other city in Canada. If that is his outstanding example, it is not very good.

Senator Murray: What about Medicine Hat?

Senator Olson: Medicine Hat is slightly better than Calgary. Medicine Hat is just a little city of 45,000.

Senator Murray: They have a positive attitude there.

Senator Olson: They do indeed. I know some people who help to contribute to that positive attitude. They go there almost every week to help it.

Senator Buckwold: One is a Senator.

Senator Olson: Alberta's unemployment rate is the lowest in Canada at 8.3 per cent. In the Lethbridge-Medicine Hat area, as the Leader of the Government mentioned a few moments ago, it is even lower than that. It is 8.1 per cent. By comparison we are pretty well off. I cannot understand him believing that that is good. That is my problem.

I wish to use Calgary to illustrate a few other statistics that I want to quote, and the reason is very simple. It is because there has been an effort by some people in Calgary, the Calgary *Herald* for one, and two or three other members of the media, to gather the recent statistics. This is the most recent data that we have for Alberta. Today, the oil patch has taken one of the worst shocks in lay-offs and downsizing of the workforce of any industry at any time in history.

Senator Barootes: Since the NEP.

Senator Olson: You would be better off not to mention the NEP. What went on in 1986 and 1987 and what is going on in the oil patch today is far worse than anything that happened during the so-called NEP. Some day you will get the story on the NEP right.

Senator Murray: Mr. Chrétien says it was a mistake.

Senator Olson: I admit now that it was the wrong thing to do. But no one knew at the time that there would be a world-wide recession and depression going on at the same time.

Let me get back to what is happening there. It has been announced that there will be a decline of 3,900 jobs in Calgary. Those jobs will be phased out in the next two or three months. Why?

Senator Barootes: They all have to do with the low price of gas exported to the United States.

Senator Olson: What about oil? Do you not think we have any more oil in Alberta? What about a little help from this government to promote the sale of gas into the United States?

In addition, the Canada Packers beef processing plant in Calgary, which operates what is called a boxed beef plant, was closed on May 17. Some 325 people were thrown out of work. The Canada Packers plant in Lethbridge was to be closed on the same day with another 200 employees being thrown out of work. If honourable senators do not think these people believe that has something to do with so-called free trade, they should not kid themselves. They know where the live cattle are going and where the boxed beef is coming from. It is true there was a little over-capacity in the packing plants in western Canada.

Senator Barootes: Small and inefficient plants. How many jobs did Cargill create when it opened its new plant?

Senator Olson: Is that such a great thing?

Senator Barootes: They are competitive.

Senator Olson: Senator Barootes, the rule in this house is that if you wish to make a speech you are supposed to stand up and make it.

Senator Barootes: I apologize to the Hon. Senator.

Senator Olson: There are 20,000 families in Calgary on welfare. Do you know that the food bank in Calgary passed out 7,300 food hampers in April? This, honourable senators, is the city where things are supposed to be good. It is supposed to be the best city as far as employment and prosperity in Canada. Yet, that is the dismal record of what is happening.

I am sad today because of something that was not mentioned in the Speech from the Throne. I am not talking about Calgary now. There should have been, at the very least, an acknowledgement that the country is going through a severe depression. Some policies should have been put forward, at least in general terms, of how the government intends to deal with that situation.

I have the Speech from the Throne in front of me. I was not here the day it was read. Some allusion was made to this point. One of the headings in the Speech from the Throne is "Participating in Prosperity". It states:

> There is much more to Canadian unity than amending the Constitution. Our unity is strengthened by a strong economy.

I could not agree more. I do not think that the people of this country will be satisfied, and I do not think they should be satisfied, until the government demonstrates that it can do something about managing the economy in such a way that there is a reasonable amount of prosperity from one end of this country to the other.

Then it states in the next paragraph—and this really gets me:

> Economic recovery depends on reducing interest rates.

This government has not been doing that. I know that Senator Murray will say, "But interest rates have been coming down."

Senator Barootes: By 5 per cent.

Senator Olson: That is true. However, they have not come down enough to narrow the gap to zero between Canada and the United States, which is where it ought to be.

Senator Murray: When was the last time the gap was zero?

Senator Olson: I do not know, but what is the difference? What do I care about the 1950s, the 1960s or the 1970s? I am talking about the 1990s. The people who are out there today are the ones who are interested in what this government intends to do about the economy and what the government

intends to try to do about fixing the mess that we are in. But it is not in this document.

I do not know if Senator Barootes is holding up a white flag indicating surrender, or if he wants to wipe my tears.

Senator Barootes: It is a handkerchief for you. You are crying. You are cry-babies.

Senator Olson: Is that what unemployed people are?

Senator Barootes: No, you are.

Senator Olson: I am crying on their behalf. It is about time that somebody did, including some of you people opposite.

May I turn for a moment to the farm crisis? A 1991 report of the House of Commons Agriculture Committee—we must assume that they did a good job—shows that 48,000 Canadian farmers are on the verge of bankruptcy. A very large number of those farmers are in western Canada, particularly in Saskatchewan , because a higher percentage of agriculture there is dependent on grain production than in any other part of the country. That is one of the main reasons. Fortunately, the beef industry has been doing—not particularly well, but reasonably well. I can tell you that Canadian farmers are now in debt to the tune of $22 billion.

• (1450)

The farmers are paying these ridiculously high rates of interest on their loans because of a deliberate policy set out by this government, which was admitted to by the Prime Minister, by the former Minister of Finance and by the Governor of the Bank of Canada. In effect they have said, " We intend to cool out this economy." However, they have been trying to do it with one instrument, that being higher interest rates.

Senator Murray: No.

Senator Olson: The government leader may say that on the fiscal side they have done a number of things.

Senator Murray: Yes.

Senator Olson: Perhaps you did, but you allowed interest rates to go up and up. Every time that happened, it caught the farmers and they had to pay higher and higher debt service charges when, in fact, they were not making any contribution to the increasing inflation that they were complaining about. You may be interested to know that Alberta is the most debt-ridden province in Canada, agriculturally speaking. The average Alberta farm now owes $110,000. Farm land values in Alberta and Saskatchewan have decreased by 35 per cent in the past four years because of severely depressed grain prices.

I do not expect the government to do everything that can be done, but they should do something useful. They have not. As far as I can tell, they have only complained that it is a problem. It is such a severe problem that I know a lot of farmers in southern Alberta and in Saskatchewan who have tried everything. They have tried diversification, in an attempt to lower the amount of debt service charges through many forms of provincial programs and others means, but they are simply going under. It is sad.

Honourable senators, there is nothing in the Speech from the Throne that says that this government intends to do anything about the matter. They do not even acknowledge that the problem exists. How would you like to be the owner of a farm, one of the 48,000 on whom debts and debt service charges are crunching down until you know that you will have to leave, or that foreclosure is coming and that you have no defense? Apparently the government will not even acknowledge that the problem is there.

We appreciate that the government has introduced a couple of programs, such as GRIP, the guaranteed income program that works through an insurance scheme that is coming up later this year. Perhaps a payment will be made under that program by November. I doubt it, but there may be one. Then there is NISA and so on. To give a Speech from the Throne—and I have checked through all the pages—and not even acknowledge that the problem exists, I think, is cruel. The government cannot escape because they, too, have to live with the economic conditions in Canada. The farmers are disheartened, disillusioned and frustrated because of the inaction of this government.

There are a few things the government can do. I have been urging the minister to carry some of these ideas to his colleagues. The government will not be able to out-subsidize the European Economic Community or the United States on a straight export enhancement subsidy to the international market. I understand that, and so do the farmers. Canada, for years, has been something called an honest broker and has tried to find an accommodation when the superpowers got into a fight, in this case a subsidy war that is hurting us. We were successful, and I wonder why we are not doing that now. I do not want to frustrate any of those problems but I can tell you what can happen.

Senator Barootes knows because he was there with me in Kananaskis last week at the Canada-U.S. Parliamentary meeting. The important thing about that meeting is that we had two of the most influential members of the U.S. House of Representatives there. One was representative Sam Gibbons from Florida. Many people in this room who have been to those Canada-U.S. meetings have met Mr. Gibbons. He usually attends, and he is a very powerful and influential person in the U.S. Congress. The other representative was E. (Kika) de la Garza from southeastern Texas. He is chairman of the agriculture committee of the United States House of Representatives. We have to talk to these people and reason with them, as I did and as, I am sure, did Senator Barootes. We have to say to them: "The United States is not winning this war on subsidies and neither is Europe. You are costing the treasuries of both Europe and the United States more and more and, in the meantime, you are wrecking the international market for Canada, Australia, Argentina and all the rest of your friends."

I have to say that I was very happy and satisfied with the response that I received from these two very influential gentlemen. They agreed with me. Senator Bolduc might have heard

the same because he was there, but as I recall he was not in the same committee meeting.

Senator Bolduc: I was there.

Senator Olson: Yes, I believe you were. They agreed that it was the wrong thing to do, and they were willing to enter into some discussions with the European Economic Community, with the people who make the difference, in an attempt to back away from this situation that is hurting so many people. We should be doing more of that. We should not be saying, "Aye, aye, George Bush" every time. I do not know whether the United States or Europe started the fight, and I do not particularly care. What I do know is that the situation is hurting our producers very badly and that it is in our interests to see that these players come to some kind of agreement and accommodation so that they can back away and let grain prices move to where they should be.

I do not want to get into a grain or wheat debate today, although the world stocks of wheat are at about 15 per cent of annual supply. That is about half the normal reserve of wheat in relation to a full year's requirement. The world uses about 550 million tonnes of wheat in a year. We have about 15 per cent of that in reserves all over the world. That is about half. Ordinarily, the grain companies and distributors of grain are expected to keep about 28 to 33 per cent. As long as they are in that range, the price does not become depressed. When reserves go below about 28 per cent the price starts to move up. People preach to us all the time that we have to have a market-driven economy. Based on supply and demand, the price of wheat should have gone up a long time ago. It is the subsidy that is holding wheat prices down to these desperate levels. The prices are about 50 per cent of what they were five years ago. We used to receive $5 to $5.50 a bushel for wheat in 1975. That was in 1975 dollars. In 1990-1991, we are receiving $2.65. That is in 1991 dollars. Other costs have gone up 300 to 400 per cent. I am sure you can understand the desperation of the situation.

• (1500)

Both houses of the United States Congress tell me they realize that no one is winning this subsidy war. It has cost Europe about $30 billion a year and it has cost the United States about the same amount. I am referring to all subsidies. However, some time ago the United States took the position that they would not move unless Europe gave them a commitment to enter into and give an undertaking that they would phase out all agricultural subsidies over a ten-year period.

Honourable senators, I am sure many of you have been to Geneva where the GATT administration is located. I am sure, having talked to them, you realize that they will not take that step. Politically, they cannot announce to Europe that they are about to phase out 100 per cent of all agricultural subsidies in ten years. I understand that. In fact, I do not believe any political party in power in the United States could make that statement. They would be thrown out of office at the first opportunity.

[Senator Olson.]

In Europe, this question is a particularly sensitive one. Mr. de la Garza understands that because he has been to Europe and talked to these people on many occasions. He told me that people in the United States do not seem to understand that Europeans do not regard a surplus of food as a curse, but as a blessing. The reason is that Europeans have been hungry. It is true that Americans, so far as I know, have never been hungry, although perhaps, on occasion because of bad distribution, some people in the United States were unable to obtain enough food a few years ago. However, to my knowledge, in this century, the country has never been short of food.

There is a different attitude in the United States. When I mentioned that I felt they should modify their demand, they agreed. I did not expect them to go all the way and say that they would accommodate Europe because Europe, apparently, has offered to withdraw their subsidies by 30 per cent. I believe the figures are 30 per cent in three tranches, depending on what happens to the reserve supplies.

I mention all of these things, honourable senators, to demonstrate that there is room for some very useful discussions with the Europeans. I do not want to do away with their food reserves which I think they value very highly. I know they do not mind paying something to have that reserve of good, wholesome food on hand, and I understand that, but let us not have it wreck the market.

Honourable senators, some time ago I made a speech about this very matter which I will not repeat now. I would just like to say again that it is almost impossible for a grain buyer to go out on the market and buy grain for a country and have any confidence that the price he pays for it now will look good two or three months down the road. I remember one of the senior vice presidents of Cargill telling me at a meeting in Calgary that he knew two buyers who had lost their jobs. He told me they went out and made a commitment, as they normally do, for about four-to-six months' supply of grain and bought it at whatever the price was, and that two weeks later, the subsidy was increased by about $20 a tonne which made them look like fools and so they lost their jobs. As long as these two economic giants are at war with each other, no one can go out on the market and buy their normal requirements under reasonably normal uniform trading patterns in which people can have confidence.

I remember talking to a senator from North Dakota about three years ago. It was the year they had the Canada-U.S. meeting in Tucson. At that time he said that it was rather sad because we would have to wait to see who has the deepest pockets. Honourable senators, what a way to run an international market: seeing who can outspend the other and seeing who can accumulate the biggest deficit. In the meantime, all the farmers, all the producers and all the grain traders everywhere are in a state of depression and confusion.

Honourable senators, Canada has had a great deal of success in this particular area. I do not know about the recent situation, since I am no longer privy to any discussions; I am no longer involved in making the formal agreements. However, I am willing to do everything I can to get the parties together.

I believe another meeting of the Canada-U.S. Parliamentary Group is scheduled early in the month of June, and I believe several senators, including Senator Barootes and myself, will be in attendance. I must say I am grateful that I have been given the opportunity to attend that meeting. In all of the 34 years I have been in Parliament I have learned that, if you want the minister to give you the right answer, you must make sure his advisors give him the right advice. That is a pretty simple formula, and it works. I also know that it is up to the politicians to guide the senior bureaucrats from time to time because sometimes things are done only in the most convenient way, and that applies to senior bureaucrats in the grain trade or those dealing with any other part of the GATT trade negotiations. They need to hear from the politicians as to what happens on the street or in the warehouses where the trading deals are made.

Senator Barootes: Will the honourable gentleman take a question on that matter?

Senator Olson: Yes.

Senator Barootes: My remark is not so much a question as a request for a comment. In the EEC-U.S.A. battle on subsidies, one subsidy is called an enhancement and the other is called a direct export subsidy. In asking us to act as an honest broker between them, bearing in mind that the Cairns Group is active in this respect, is it not in case, Senator Olson, that this is somewhat analogous to disarmament agreements that have been going on for some years? Both the Americans and the Europeans will say that they will not disarm their subsidies until the other disarms their subsidies first, and everyone is suspicious of everyone else.

Perhaps Senator Olson would agree that there are some agricultural subsidies which do not apply in this country. In Europe the subsidies apply to many other products including wine. In the United States they apply to sugar, cotton and other agricultural products. Our concern may extend to soya beans and corn but it does not extend to those other products. Would the honourable gentleman comment on that?

• (1510)

Senator Olson: I know that the GATT negotiations are bogged down badly on a whole range of goods. In fact, I think the talks have stopped on everything. There have been two or three attempts to revive the GATT provisions, beginning, of course, in Uruguay about four years ago now. However, they are bogged down because the countries cannot come to an agreement, particularly between the United States and Europe, as to what they intend to do about agricultural subsidies.

However, Senator Barootes may be right. It may be that the United States some time ago wanted to give Europe a shock, and so asked for something that was unreasonable. I think it is unreasonable to ask the Europeans to give a commitment for a complete phase-out of all agricultural subsidies over a ten-year period. I agree the Americans should not have gone that far. Perhaps they did it just to shock the Europeans. Apparently, that is still their only offer and I believe that Europe has counter-offered by saying that they will eliminate 30 per cent of their subsidies in a somewhat shorter length of time; they will see how that turns out and then eliminate another 30 per cent.

In any event, we need to be there. We cannot have this standoff. I think the United States—at least the two individuals that I mentioned a minute ago—are willing to compromise somewhat on that demand which seems to be unreasonable. I think we should talk to the Europeans as well to see if they can amend their offer so that the two sides can get together.

Honourable senators, this war between the United States and Europe on trading in agricultural products is not new. It happens to be over wheat or grain now, and that is perhaps because, until a short time ago, Europe was a net importer of grain every year. They never were a seller of wheat and barley in any great quantities. Now they are, and of course the United States is taking the position that Europe will not have any share of their international market. However, the bottom line is that today, in May of 1991, this fight is damaging everyone: the U.S., Europe, Canada and every other country that relies on the international market for some of its income.

Therefore, what Senator Barootes is saying is true. There are other things, and I understand that. However, surely we should be able to approach both sides and attempt to find some common ground on which they can start to come together. The meeting we had at Kananaskis last weekend was, in my view, one of those kinds of meetings that is always a preliminary to a meeting of minds. Someone else, perhaps Canada, can be the honest broker. I do not care whether they call me honest or even a broker, but I would like to be part of the attempt to find a solution to this problem so that they will let the international market find its level on the basis of supply and demand and not on the basis of who is willing to show that they have the deepest pockets for paying subsidies. I think that Senator Barootes agrees that that is probably the right way to handle this situation.

Honourable senators, I also want to say a few things about interest rates. The Leader of the Government keeps telling us that they are coming down—and they have come down a lot. They were up at 14.25 or 14.75 per cent at the peak, and now they are down under 10, although not much under 10. That is quite an improvement, but they are still too high. All you need to do is look at the returns of the banks. The Bank of Nova Scotia had the largest quarterly net profit in history, so we know the rates are good for them. The Bank of Montreal's figures were published yesterday or this morning, and I think they had the second largest quarterly income. Our farmers and our small businesses are paying for that.

I would also like someone on that side—perhaps Senator Barootes or Senator MacDonald—to explain to me what has happened to the link between interest rates and inflation. The government had been giving as the excuse for these high interest rates that they were necessary to get inflation under control. Well, it has not happened. Interest rates have come down from 14.75 to just under 10 per cent, and inflation has gone up. I know that is partly because of the GST. We tried to

tell you that that would happen, but you would not listen. The people know now. In any event, I do not believe that the GST was the sole cause of the rise in inflation, although there is no doubt that it made a substantial contribution.

In 1987, inflation ran at 4.4 per cent. In 1988, it was 4 per cent. In 1989, it was 5 per cent. In 1990, it went back to 4.8 per cent. Now, for the first few months of 1991, inflation is at 6.8 per cent. It is up 50 per cent. It is up 2.4 points over 4.8. In January 1991, it was 6.8 per cent. In February 1991, it went up to 6.2 per cent. In March, it was at 6.3 per cent, and in April, it was at 6.3 per cent. So it is stuck. Where is the argument now that when the high interest rates started to back off, we would have lower inflation? The numbers do not indicate that that is what is happening. If there is some great explanation that senators opposite know as to why this situation turned out contrary to what we were told would happen, we would like to know. Perhaps you could tell us.

Honourable senators, I will terminate this speech. I had wanted to find out the reasoning behind the new approach to the Speech from the Throne. If this is to be the new mode, whereby the government does not tell us anything in the Speech from the Throne, then I suppose we will have to get used to that. I am sure that Senator Phillips will remember how Prime Minister Diefenbaker approached this situation. He would come with his Speech from the Throne, and there would be a certain amount in there. Then, every week for the next five or six weeks, a few more things would trickle out.

Senator Phillips: A few more good things.

Senator Olson: These were things that should have been in the Speech from the Throne, but were put out later so that the government could be in the news every week. That is why it was done. I hope that this government will also do that.

Honourable senators, the Speech from the Throne used to give people some hope that the government at least recognized that there was a problem with the economy of Canada. Unfortunately, the people now have no hope because the economy was not mentioned. The government did not mention anything about what they intended to do for the economy, and that is too bad.

The only minister that we now have in the Senate has been promoted, in some respects, because he is now on six cabinet committees. I mentioned him here yesterday. Therefore, he will be attending many cabinet committee meetings where the decisions are supposed to be made. I was hoping that it would help him answer some of our questions. However, the Government Leader does not seem to think that it will have that effect at all, since he still intends to take notice of questions. I hope he changes his mind about that. We really need to know what the rest of the government's program will be for this session in 1991. I pray that it will be one that raises some hopes for some of the people that I have just mentioned, such as the unemployed and the farmers who are in a state of crisis, so that they can have some hope that the government at least recognizes that there is a problem and that there is some plan to get the economy moving again, to give some relief from the interest charges that have been devastating small businesses and farmers across the country.

I want to thank honourable senators for listening so patiently to my plea for some help, and I hope there will be some response coming fairly soon.

[*English*]

Hon. Arthur Tremblay: Honourable senators, although it is already later than the sittings of the past week, I will use this day given over to the debate on the Address in reply to the Speech from the Throne so that at least two senators can speak on the same day.

First, I wish to join those who have already warmly congratulated Senator Lavoie-Roux and Senator Meighen on their performance as mover and seconder of the Address in reply to the Speech from the Throne. They both played their roles in fine style and in the appropriate manner.

The Speech from the Throne tells us that during this session:

Proposals will be put before you that address these three major concerns of the Canadian people and of my government—unity, prosperity and government responsiveness.

We will have various opportunities to express our opinions on each of these concerns.

For now, I will confine myself to the specific topic of education, which especially interests me and is developed at some length as part of the "new strategy of prosperity for all" set forth by the government.

When I was interviewed a week ago on the French CBC program *Dimanche-Magazine*, I stressed two points:

First, in the present situation as in the recent and not so recent past, I have no problem with seeking a consensus on objectives for education, even though education is in provincial jurisdiction and even if the federal government takes the initiative of proposing national conferences or debates to help find such a consensus. That has already been done and I see no problem with it being done again now—on the contrary. However, identifying action to take and programs to implement to reach the supposedly common objectives is something quite different. At that point, which is the most crucial, the current provisions of the Constitution on the distribution of powers must be respected. In this regard, I have clearly said that it is up to Quebec's representatives in the Senate and House of Commons to see that the Constitution is fully complied with.

• (1520)

This is basically what I said when I participated to that program, Sunday a week ago. Regardless of the interpretations that may have been made in the newpapers, I see no reason to change my comments. In fact, what I said then will serve as a background to the more elaborate remarks that I intend to make now.

First, my comments will of course deal with the Speech from the Throne. They will give you an idea of the kind of reading I do of those paragraphs dealing with education.

Secondly, I intend to discuss the general problem of federal interventions in the fields that are provincial responsibilities, among others that of education.

The Speech from the Throne says:

> Increasing economic prosperity is first and foremost an issue of people.

Is the reverse also true? Is man's happiness first and foremost dependent on economic success? Perhaps it is in modern society, which is based on the consumption of material goods. However, I am not convinced that our society is not just as interested in "real human values", in "better living", that the classic definition of common good links with values that go beyond economic prosperity and that take less tangible forms.

In any event, it has long been recognized that the economy and education are linked, at least in the sense that the economic development is largely dependent on the knowledge and know-how acquired through the training that the education system must provide. The same thing was being said in 1958, at the meeting of the Club of Rome, as well as at the Canadian conference on education, held in the same year. "Education: an investment": That was often the theme for those *Education Weeks* organized by the Chambers of Commerce, in the 50's and 60's.

In an effort to facilitate the acquisition of knowledge as well as the general access to training, the reform of the education system in Quebec, among others, was based on a principle which, in our opinion, represented the primary objective: All young people should get an education, to the maximum of their skills and motivation; adults should also have the possibility of either completing the training that they did not get in their formative years, or of getting the training required to adapt to a work place that is constantly changing.

It is the authorities in Quebec that proposed such an ambitious and demanding objective to their population. It was then taken for granted that if those authorities were not the only one to do so, they were certainly the first ones whose initiative was recognized.

At the federal level, for reasons of strategy or tactics, the approach was not as comprehensive for a long time. However concrete, the actions taken by the Federal government in the field of education remained, for a long time, isolated initiatives.

Today, those actions are given a new dimension by adopting, in an integral way, the principle that has guided the provincial authorities for at least one generation. That is, actually, what is said in the Speech from the Throne:

> Canadian men and women must have access to both the skills and the lifelong learning opportunities necessary to improve their job prospects and ensure their own prosperity.

And as is added in the sentence that comes immediately after:

> . . . But Canadians are questioning whether this country's approach to learning, despite the great dedication of so many talented educators and administrators, is adequate for the times.

"Questioning whether this country's approach to learning . . . is adequate for the times", those are particularly strong words. I'm not myself in a very good posture to be deeply shocked by those words. I remember vaguely having uttered words as strong as those in substance, if not in form. *But that was 30 or 40 years ago.* Do we find ourselves today in the same situation as we were in those days, despite having put so much effort and energy in modernizing our teaching systems in order to attain the maximum level of schooling for our youth and adults alike? If such is the case, I have to admit that the situation rather depresses me.

Fortunately the Speech from the Throne reveals a possible cause for the situation that was never mentioned before:

> The issue is not exclusively, or even primarily, money. Canada already spends more money per capita on education than almost any other industrialized nation does. Every year the federal government alone spends about eleven billion dollars, directly and indirectly, on education and training. The issue is results.

According to Minister Valcourt, that represents just a bit more than 20 per cent of the 50 billion dollars that are spent for education by all the public administrations in Canada.

Going back to the time I was referring to earlier, inadequate investment in the development and distribution of the necessary services was the obvious reason so it seemed for the situation. Therefore we should be gratified to learn that it is not, at least not as much as before, a matter of money, but of results and effective return of our investment.

Such being the case, we are being urged in the Speech from the Throne to deal with the current situation from two points of view: the performance indicators, on one hand; the goals, on the other.

As for the performance indicators, three are listed:

> —Three out of ten students drop-out of high school before graduating.
>
> —Four out of ten adults cannot read or do math well enough to perform everyday tasks.
>
> —Canadian industry spends less than half as much on training its employees as American industry does, a fifth as much as the Japanese and an eighth as much as the Germans.

Prompted by these three indicators follows the concise and compelling conclusion:

> This is not the kind of performance that will guarantee increasing prosperity for our children; in fact, it has given rise to concerns whether the next generation of Canadian men and women will be the first to have a lower standard of living than their parents.

I should repeat at this time what I was saying earlier, that these are pretty strong words but let us say no more!

So we come now to the heart of the matter, to the second component in the approach we would have to take under the present circumstances.

> The time has come to reach a national consensus on performance, goals, partnerships and priorities for learning.

There is now a broader perspective which goes beyond performance indicators and objectives to embrace goals, priorities and partnersships.

How far will we go in the search for a national consensus, when so many variables are involved?

It is too early to make any predictions, because the government has announced that "a discussion paper on learning will be published to stimulate and focus discussion on education and training".

The examples given in the Speech from the Throne, however, can give us some idea of what the "Canada-wide goals for the year 2000" might be:

—cutting illiteracy rates in half;

—ensuring that 90 per cent of Canadians attain high school diplomas or the equivalent by age 25;

—doubling the number of postsecondary graduates in mathematics, the sciences and engineering; and

—quadrupling the training provided by employers to their employees.

This is not the appropriate time to wonder whether such goals are realistic. I suggest we see them as a manifestation of good will—who could object to that?

On May 21, in the debate on the Address in Reply to the Speech from the Throne, the Hon. Bernard Valcourt commented as follows:

> There are many other goals that Canadians can consider in defining a learning system for life that is among the best, if not the best, in the world. Today, I might suggest two more goals that Canadians could discuss, namely to double the number of Canadian youth who participate in a structured learning program leading to entry-level jobs and to achieve full representation of women in the fields of mathematics, science and technology.

He then went on to say:

> These, and many other goals, will be suggested and examined in the discussion paper. As the Minister responsible, I can inform members today that the discussion paper will be tabled in the House within several weeks.
>
> The release of this paper will be a first step in a process of consultation and consensus building with Canadians throughout the nation.

As was said in the Speech from the Throne and corroborated by Minister Valcourt, the plan to start consultations and discussions is in no way intended to contravene the present provisions of the Canadian Constitution regarding the provinces' exclusive jurisdiction over education. In fact, the government "recognizes that education is a provincial responsibility under the Constitution and respects that fact".

I will address the government's clearly expressed intention to respect the provinces' constitutionally enshrined jurisdiction over education in the second part of my speech.

The federal government has been involved for a long time, and in many different ways, in the field of "provincial education". If I am not mistaken, this involvement started at least 70 years ago, just before and after the First World War, in the form of legislation on agricultural, technical and professional training.

I will not name the many federal programs that have had, and still have, an impact on education at various levels, including secondary and postsecondary. The current situation was described in articles by Jean-Pierre Proulx, published in *Le Devoir* on March 26 and 27. I checked with the experts, and the information in these articles is correct. In fact, Minister Valcourt himself listed, in the previous quote, half a dozen programs being implemented by his Department in concert with the Secretariat of State, each dealing with a particular problem.

Because of the debate the Speech from the Throne has already given rise to in the education community, particularly in Quebec, as well as the prospect of further debates that will certainly take place in the weeks and months ahead, I want to share with you a few reflections which might prove useful in the circumstances. They deal with three issues.

First, what is the real extent of the juridiction granted to the provinces under section 93 of the Constitution Act, 1867?

The version of section 93 I am about to quote is taken from the new French version of the constitutional acts drafted by a committe our colleague Senator Beaudoin sat on but has not yet been promulgated. I guess it will be shortly. So, here is the new and more elegant wording of section 93 found in the revised French version:

> 93. La législature de chaque province a, dans les limites et pour les besoins de celle-ci, compétence exclusive en matière d'éducation, compte tenu des dispositions suivantes :

The provisions listed in the rest of section 93 relate to the rights and privileges with respect to denominational schools. but that is not what I want to deal with today. What I want to emphasize is that nowhere in any of the legal material is the meaning of the word "education" defined clearly for the purposes of section 93. The constitutional experts I consulted said that the only reference to the scope of this key word was made by Chief justice Sir Lyman Duff who, in a 1938 decision of the Supreme Court of Canada, expressed his views on the subject as follows:

• (1530)

[*English*]

> We should perhaps also recall that section ninety-three (as is well known) embodies one of the cardinal terms of the Confederation arrangement. Education, I may add, is,

as I conceive it, employed in this section in its most comprehensive sense.

[*Translation*]

You have to acknowledge that the expression "in its most comprehensive sense", "dans son sens le plus large", is not all that clear. For want of a more rigid definition, it is not improper to use Sir Lyman Duff's expressed view to answer the question I asked. All the more so since it has never been challenged in any way. Consequently, the word "education" in its most comprehensive sense applies to provincial jurisdiction as set out in section 93.

Given that, there is no doubt that throughout the years most if not all of federal initiatives in education came under section 93. The only exceptions being initiatives relating, as the accessory to the principal, to exclusive jurisdiction of the federal government. That would be the case, for example, with Native education and military schools.

That should clarify many questions which were asked, namely whether such aspect was related to education or not, et cetera. I think Sir Lyman Duff's argument is valid. The word "education" has to be interpreted in its most comprehensive sense. For generations now, almost all federal initiatives in education have fallen within the scope of section 93.

My second question is: In which cases are federal initiatives in education and other fields of exclusive provincial jurisdiction, acceptable?

Most of the time, federal intervention in education took the form of subsidies with relatively explicit and restricting conditions attached, which the government tried to justify by saying they were reflecting a "national need" and were based on the federal "spending power" which is very broad, to say the least.

I want to quote from the "Report on Certain Aspects of the Canadian Constitution", tabled in the House of Commons, in November 1990, by the Standing Senate Committee on Legal and Constitutional Affairs.

It deals with a general principle put forward in 1937 (and since we are talking about the 80s, it was still considered current and valid), by the Judicial Committee of the Privy Council in the reference re *Employment and Social Insurance Act*.

• (1540)

[*English*]

> That the Dominion may impose taxation for the purpose of creating a fund for special purposes and may apply that fund for making contributions in the public interest to individuals, corporations or public authorities could not as a general proposition be denied . . . But assuming that the Dominion has collected by means of taxation a fund, it by no means follows that any legislation which disposes of it is necessarily within Dominion competence.
>
> It may still be legislation affecting classes of subjects enumerated in s. 92, and, if so, would be *ultra vires*. In other words, Dominion legislation, even though it deals with Dominion property, may yet be so framed as to invade civil rights within the Provinces, or encroach upon the classes of subjects which are reversed to provincial competence . . . If on the true view of the legislation it is found that in reality in pith and substance the legislation invades civil rights within the Province or in respect of other classes of subjects otherwise encroaches upon the provincial field, the legislation will be invalid.

[*Translation*]

To my knowledge—and I repeat, the text was used in 1980 by the Standing Senate Committee on Legal and Constitutional Affairs—this text is the most explicit one ever drafted by the highest legal authority at the time on certain constitutional boundaries the federal government may not infringe when exercising its spending power in a provincial jurisdiction as clearly identified as education, for instance.

Constitutional experts may not wish to go as far as I have in my interpretation of this text. However, I think it makes sense to say that a federal program that sets certain conditions on granting a subsidy for provincial education is actually encroaching on a provincial jurisdiction, in which case the program in question is *ultra vires*.

Our third question: How do we get out of the current ambiguous situation? As I said earlier, these ambiguities have developed over the years.

We are in the middle of an unprecedented constitutional crisis, and many elements and practices of the status quo will have to be reconsidered. I think this is an excellent opportunity to try and get out of the quasi-unconstitutional situation—and I am putting it mildly—which we have had for three-quarters of a century as far as federal intervention in education and perhaps even in other areas of provincial jurisdiction are concerned.

There are three options.

The first one: We take a purely constitutional line. This would mean, for all practical purposes, that most if not all of the money spent today on education by the federal government would be part of the equalization system provided under section 36 of the *Constitution Act*, 1982, under the heading "Equalization and Regional Disparities". I will just read the second paragraph of section 36, which I think goes to the heart of the matter.

> (2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

It would take too long to measure the impact of this paragraph, but there will probably be an opportunity to do so later on.

My conclusion is this: Reverting to equalization, that typical characteristic of the Canadian federal system, would undoubtedly be the best way to observe the limits imposed by the Judicial Committee of the Privy Council on federal spending

powers in areas of provincial jurisdiction. That is the first option.

However, there is also another, a second option, and I am referring to the formula in the Meech-Langevin Accord.

Article 7 of the late Meech-Langevin Accord prescribed following with respect to the exercise of federal spending powers:

> The Government of Canada shall provide reasonable compensation to the government of a province that chooses not to participate in a national shared-cost program that is established by the Government of Canada after the coming into force of this section in an area of exclusive provincial jurisdiction, if the province carries on a program or initiative that is compatible with the national objectives.

Of course, today's context is entirely different. The situation was radically changed by the demise of Meech. I think we could keep the same concepts but, instead of applying them to future programs, we could open the debate to all current programs.

Always, of course, within today's context, where there will be a rethinking of the current situation. That was the second option. There is a third one.

A third option would be to amend the Constitution so as to legalize and constitutionalize conditional grants the federal government would continue to pay or might consider paying to the provinces for education. As Lise Bissonnette said in her editorial of May 21, the following provisions of the Constitution Act, 1982, would then apply. Remember that in general, the Constitution can be amended with the agreement of seven provinces having at least half the population. Also remember that provinces that do not agree with the amendments most of the others want involving transfer of jurisdiction from the provinces to the federal government can "opt out". I want to call attention to section 40 of the Constitution Act, 1982.

> 40. Where an amendment is made under subsection 38(1) that transfers provincial legislative powers relating to education or other cultural matters from provincial legislatures to Parliament, Canada shall provide reasonable compensation to any province to which the amendment does not apply.

In this regard, I recall that the Meech-Langevin Accord extended these provisions to all cases of a transfer of provincial jurisdiction to the federal government. As I recall, no one at the Joint Committee in the summer of 1987 or elsewhere opposed that part of the Accord, not even Mr. Trudeau when he appeared before this House. He immediately admitted, in answer to a question I had asked him, that he himself, in a letter to René Lévesque in 1981, had suggested extending the provision I just read to all fields of provincial jurisdiction.

These are the three possibilities for future discussion, depending on the proposals the government will submit in September, according to what the first part of the Speech from the Throne tells us.

[Senator Tremblay.]

Some will certainly say to me that none of these three options is suitable and that others would be preferable. If that is so, I would be glad to know about them. I am prepared to consider them on their merit, provided they satisfy the underlying principle common to the three I just mentioned: restoring or maintaining provincial sovereignty in education and other fields in their jurisdiction.

At least Quebec's sovereignty must be restored and maintained, if some other provinces are not so concerned about their own.

Honourable senators, for the future of the Canadian federation, this is a vital issue to which we cannot remain indifferent.

Honourable senators, we will surely have an opportunity to come back to it, in particular when the consultation paper mentioned in the Speech from the Throne and by Minister Valcourt is published.

Honourable senators, I apologize for the time I took at such a late hour. Thank you for your attention.

• (1550)

[*English*]

Hon. John B. Stewart: Would the honourable senator deal with a question?

Senator Tremblay: Yes.

Senator Stewart: I am very interested in the three possible avenues which the honourable Senator Tremblay has outlined. I am having difficulty with the second of the three avenues, namely, the Meech-Langevin avenue, whereby a provincial government which decided to opt out would receive the money it would have received for the program if it stayed in, provided that it had a program or initiative consistent with national objectives. It is the words "national objectives" that concern me.

The reason I ask this question is that the Government of the Province of Nova Scotia, in 1985 or 1986, took the position that, insofar as a program in the field of education is concerned, national objectives mean what the provincial governments say are the national objectives because, under the Constitution, education is a provincial matter. Consequently, neither Parliament nor the Government of Canada can define national objectives in education. I am sorry that Senator Buchanan—

Senator Murray: That was Mr. Trudeau's position years ago too.

Senator Stewart: I remember that Mr. Donahoe, a minister in the Buchanan Government, stated that position. Whether or not it was Mr. Trudeau's position really is not relevant insofar as understanding the Meech-Langevin avenue is concerned.

As I recall, Mr. Donahoe said that neither Parliament nor the Government of Canada can state national objectives where education is concerned, that these objectives can be stated only by provincial legislatures or executive governments.

Hon. Royce Frith (Deputy Leader of the Opposition): They define it and they can take the money and run.

Senator Stewart: Yes, they would define the national objectives, and then, presumably, take the federal money for these objectives. I am wondering if the difficulty Senator Frith has expressed in his own pithy way does not beset the particular avenue. Any clarification Senator Tremblay could give would be most helpful.

Senator Tremblay: I was already informed about the approach of the Government of Nova Scotia and the Minister of Education there.

First we have to clarify the question of the process of common objectives. After all, national objectives mean Canadian objectives, and the process to define them and to agree about them is one point. In that respect it might very well be that the Council of Ministers of Education would be a channel through which all provinces could identify common objectives to pursue. The question of having a federal program to realize those objectives is referred to in Meech Lake. I do not think it can be understood in the sense that it is the one to define the objectives. That is open and that is what I mean when I refer to the process of identifying the objectives and the process through which there is agreement expressed on those objectives. This being done, then the section of Meech Lake does apply. If a province does implement a program which is compatible—in French it is "consistent"—

Senator Stewart: It is "compatible" in English, too.

Senator Frith: It does not matter. The question is, who decides whether it is compatible or consistent? It does not matter what word is used, it is who makes the decision.

Senator Tremblay: I remember someone in this chamber saying that "compatible" is too vague, that it should be more strict than that.

Senator Frith: So make it "consistent."

Senator Tremblay: It seems to me that the word "compatible" has a commonsense meaning. It does not necessarily mean strict conformity, but at least it should not contradict.

• (1600)

Senator Frith: Senator Stewart's question is: Who decides? Pick your word, "consistent" or "compatible." Who decides whether it is compatible or consistent? The province could make the decision because the Fed's cannot get into the field. The province can grab the money and run on its own definition.

Senator Tremblay: If the province wants, let us say, to opt out, then the least that can be asked of the province—if, again, in the process of identifying and agreeing on this so-called national objective the province has been involved—is that it demonstrate that there is compatibility.

Senator Frith: Sure; but who decides in the end?

Senator Tremblay: That is my answer, for the time being at least.

Senator Stewart: I am afraid that we have strayed away from the main question. For greater certainty, let me state what I understood Senator Tremblay to have said in response to my question; perhaps then he will tell me if I have understood him.

As I understand him, he is saying that, insofar as a new federal initiative in the area of shared costs in the field of education is concerned, under the Meech-Langevin avenue, it would be suitable for the Council of Ministers of Education of the several provinces to decide what the objectives of a program would be. It would then be up to the government and the Parliament of Canada to decide whether they would make available money to achieve those objectives. One province might say, "You fellows can go off and do it if you want to, but give us our share of the money. We have a program or an initiative which is consistent or compatible with your definition of national objectives." Do I have the senator's analysis correct?

Senator Tremblay: I am not sure that I have understood the point. Do you want me to define "national"?

Senator Stewart: No. I think, honourable senators, there is a tendency for people to say, "But the Parliament of Canada will decide what the national objectives are."

As I understand the honourable senator, he is saying that in the field of education the provincial authorities could decide the objectives, and then the Parliament of Canada could say yes or no to putting up some money.

Senator Tremblay: Just to make progress in our discussion, I suggest that the honourable senator give me one example of what he is referring to. As long as he discusses it in the abstract, there is almost no way out of such a discussion. If he has one specific objective, which is common and which would have been agreed upon following the proper process or channel, we would then be able to discuss in concrete terms the concept of compatibility of any program.

Senator Stewart: I think, Senator Tremblay, that the ball is in your court, because you put Meech Lake-Langevin forward as an available avenue. I am trying to understand your position. Perhaps, if you could give an example of how it would work through that avenue, it would be helpful to us all.

Senator Tremblay: I think we have heard enough on that question for now. I do not refuse to go farther; rather, I am just thinking of our colleagues.

Hon. Lowell Murray (Leader of the Government): I have a question that I wish to ask of Senator Tremblay, but it could be that one of our colleagues on the other side would be a more reliable witness on this subject. It has to do with the constitutional resolution passed by the Quebec wing of the federal Liberal Party last weekend.

I wonder whether I have read the resolution correctly on this point. I have read that the new position of the Quebec wing, endorsed by Mr. Chrétien, is that they would allow for a province to opt out of a federal initiative under the spending power in an area of exclusive provincial jurisdiction. Up to that point, I believe their position is identical with the Meech-Langevin position. But the Quebec Liberal resolution of last weekend made no stipulation that a province would have to

introduce any program in order to receive compensation. It says that they could opt out with compensation, and I saw no stipulation in the resolution that the province would have to do anything to receive the compensation.

Senator Frith: I have a copy of that resolution here in front of me.

Senator Murray: Then perhaps you could help us, senator.

Senator Frith: I can understand why Senator Murray raised the point, because there is a phrase "... the inclusion in a new amending formula of a right of withdrawal with full financial compensation for the provinces." It then specifies more particularly, "... the exercise by the province of a right of withdrawal with full financial compensation from all cost-sharing federal programs initiated in their exclusive sphere of activity when the latter establishes a program compatible with the objectives of the national program."

Senator Murray: They add that?

Senator Frith: Those words are there.

Senator Murray: I stand corrected.

Senator Frith: I move the adjournment of the debate, with the usual offer to yield to any senator who wishes to speak at the next sitting.

On motion of Senator Frith, debate adjourned.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

TWENTY-FIFTH REPORT OF COMMITTEE—DEBATE ADJOURNED

Hon. Jack Marshall rose pursuant to notice of Thursday, May 23, 1991:

> That he will call the attention of the Senate to the Twenty-Fifth Report of the Standing Senate Committee on Social Affairs, Science and Technology, entitled: "It's Almost Too Late", tabled in the Senate on January 31, 1991. (Sessional paper 342-973).

He said: Honourable senators, I have an inquiry on the order paper which I introduced so that from time to time I could relate to the report of the Senate Subcommittee on Veterans Affairs, entitled "It's Almost Too Late."

I wish to raise a couple of points today, one of them being the Hong Kong prisoners of war. However, in view of the shortage of time, I will only refer to a paper that came to my attention just yesterday. It was sent to me by the President of the Master Mariners of Canada, who brings to my attention a proclamation made by President Bush of the United States on National Maritime Day, May 21, 1991, having to do with the American Merchant Marine. It states:

> Members of the American Merchant Marine carry on a long and distinguished tradition of service to our country. In addition to promoting the economic development of the United States through trade and commerce, our merchant seafarers have also provided vital support to our armed forces during times of conflict.

[Senator Murray.]

> America's merchant sailors first proved their courage and mettle — and their value in military operations — during the Revolutionary War, when commercial vessels supplemented the 34 ships of the Continental Navy. These merchant vessels virtually immobilized enemy shipping and, in so doing, hastened the end of the war and the beginning of American independence.
>
> During World War II, more than 5,000 of this nation's civilian seafarers lost their lives as they helped to transport troops and to maintain supply lines to U.S. and allied forces around the world. Today we are proud to salute the brave Merchant Mariners who served this nation during that epic conflict.

• (1610)

Please note that we are talking here about the Persian Gulf War. The president continues:

> Recent events have fostered renewed pride in American's merchant seafarers: Providing essential support for operations Desert Shield and Desert Storm, these individuals played a key role in the liberation of Kuwait. More than 90 per cent of the materiel needed by our troops was transported by sea, and in addition to the merchant mariners who served on commercial ships during operations Desert Shield and Desert Storm, more than 3,000 civilian sailors manned the ready reserve force vessels that are maintained by the Department of Transportation for such contingencies.

Who are these 3,000 civilian sailors? They are merchant seamen from the United States, who were so scarce that mariners in their 60s, 70s and 80s were being recruited, sometimes from retirement homes, to crew ships. These are merchant seamen who, unlike our Canadian merchant seamen, are considered veterans. Yet we in Canada not only refuse to recognize merchant seamen as veterans but I am stultified in my attempts to introduce a bill that would recognize the remaining 3,500 merchant seamen and save the government money. We should be ashamed of ourselves.

In 1988, the American government recommended that the group known as the American Oceangoing Merchant Marine of WWII, who served during the period of armed conflict, from December 7, 1942 to August 15, 1945, be considered for active duty for the purposes of all laws administered by the Veterans Administration. I simply wanted to put that on record. The Government of the United States had to call out elderly citizens. One of them had the following to say, as recorded in a news article:

> 'It's a bloody shame that they had to call these guys in their 80s,' said Albert Begelman, National President of the American Merchant Marine Veterans. 'It's the same damn thing that happened after World War II. The Merchant Marine deteriorated to practically nothing, and then something happens.'

Begelman retired as a captain in 1978. He said that he was tempted to return to sea to help out, but he could not because his wife would not let him.

At least the United States had the guts to recognize merchant seamen as veterans and to give them all the benefits they deserve. Canada will not recognize these men. I hope that when I reintroduce a bill that died on the order paper in the last session, I will get better consideration in a more humane manner, rather than the outmoded and ridiculous rules of the Parliament of Canada.

Honourable senators, I adjourn the debate.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would like to ask Senator Marshall whether the subject matter of his inquiry will be the subject matter of a private bill?

Senator Marshall: Not necessarily. I am simply bringing up to date, through my inquiry, events as they occur. This matter just came to my attention.

Senator Frith: Does the honourable senator wish to continue the debate, because I would be prepared to adjourn it in my name so that senators on this side will have an opportunity to speak to it? However, if the honourable senator has more to say, I will wait until he is finished.

Senator Marshall: I will have more to say, not necessarily on the merchant seaman but on other matters in our report.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Wednesday, May 29, 1991

PAGE

Goods and Services Tax

Presentation of Petitions. Senator Hébert 62
Senator Bonnell 62
Senator Frith 62

Private Bill

University of Emmanuel College—Bill to Amend Act of Incorporation—First Reading. Senator Buckwold 62
The Hon. the Speaker 62
Senator Doody 62

Committee of Selection

Second Report Presented. Senator Phillips 62
Senator Marshall 63
The Hon. the Speaker 63
Senator MacEachen 63
Senator Murray 63
Senator Bonnell 63
Senator Frith 64

QUESTION PERIOD

Fisheries

Legality of Fees Charged to Fishermen for Monitoring Catches—Request for Answer. Senator Bonnell 64
Senator Murray 64
Senator Doody 64
Senator Olson 64

PAGE

Income Tax Conventions Bill

Second Reading—Debate Continued. Senator Buckwold 64
Senator Doody 65
Senator Stewart 65
Senator Everett 65

Private Bill

Seventh-Day Adventist Church in Canada—Bill to Amend Act of Incorporation—Second Reading. Senator Doody 66

Speech from the Throne

Motion for Address in Reply—Debate Continued. Senator Frith 66
Senator Olson 66
Senator Barootes 67
Senator Murray 67
Senator Tremblay 72
Senator Stewart 76

Social Affairs, Science and Technology

Twenty-Fifth Report of Committee—Debate Adjourned 78
Senator Marshall 78
Senator Frith 79

THE SENATE

Thursday, May 30, 1991

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

Prayers.

COMMITTEE OF SELECTION

AMENDED REPORT TABLED

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if I may, I should like to try to correct what appears to me to be an error in yesterday's proceedings.

Senator MacEachen quite properly called the attention of the Senate to the fact that the *ex officios* on the other side of the house had not been included in the report from the Selection committee, whereas the *ex officios* on this side of the house had been included.

It seems to me that is an error pure and simple. It was not even discussed in the Committee of Selection; no one raised the subject nor, in my opinion, should they have raised it since the rules quite clearly call for the *ex officio* status of the Leader of the Government and Leader of the Opposition or their deputies.

Since this report is in error, I wonder if there is a way that it can be corrected. A new copy with the correction in it can be distributed to honourable senators, if they so desire, which is the simplest and best way of dealing with it, or a motion could be moved when we get to the discussion of the report that these names be added. However, that seems to me to be redundant because the names are automatically part of the committee. It is not a matter of adding or subtracting them. Unless the *Rules of the Senate* are changed, the *ex officio* status of the Leader of the Opposition or the Leader of the Government cannot be changed. I would ask the indulgence of the Senate in allowing us to table a revised and corrected copy of the report.

I should add that the omission was not the decision of the government side, the Senate, or the committee, but was really a decision made by the compilers of the report who felt they were acting in the best interests of the interpretation they made of the discussion in the committee yesterday.

Hon. Eymard G. Corbin: Honourable senators, I rise on the same point of order. I distinctly recall yesterday in the committee that Senator Doody said he had no wish or desire to vote off the list the nominees of the Official Opposition to committees. It so happened, however, that that recommendation and position was not followed by a member of your group. Senator Balfour made a motion to the effect that the names of Senator Bonnell and Senator Corbin—and I could not be affected personally; I am just talking about numbers here—be removed from the list, and your colleagues, in fact, voted in favour of that motion, which was in total contradiction to the very point you made during the committee that you did not want to vote against individual senators, that you were simply concerned with numbers on the list.

I wonder, therefore, if we could not revisit that issue in the spirit and in the terms that you enunciated before the committee.

Senator Doody: I hear Senator Corbin and I know exactly what he is saying. He is perfectly correct in saying that the Conservative members of that committee made it clear that they had no wish to interfere in any way with the names of selection that were put forward by members of the Liberal opposition.

Hon. Royce Frith (Deputy Leader of the Opposition): And we made it clear that we had no wish to object to any of your members.

Senator Doody: Senator Frith is adding, quite properly and accurately, that the Liberal members made it quite clear that they wished in no way to interfere with our choice of members on the government side of the committee.

Senator Frith: The numbers were the problem, on both sides.

Senator Doody: The problem on both sides had to do with the numbers. Both sides felt that too many names had been submitted, that the numbers submitted by each side were in excess of those that were properly allowed. That point was argued in committee. We suggested that the Liberal opposition delete, in this case, two names to bring it down to the number that we felt was acceptable. We felt that we should not make that decision ourselves, that it was really in the area of responsibility of the opposition to do so.

Honourable senators opposite declined. They refused to revise their numbers for the reasons put forward by Senator Frith. That left us no option but to amend the list by deleting two names. Unfortunately, the names were those of Senator Bonnell and Senator Corbin. They could have been the names of any two people on the other side. These two happened to be the first two on the list, and Senator Balfour selected those two for his motion. That brought the numbers into line with what the majority of the members of the Selection committee felt was proper. Of course, it left the option open to honourable senators opposite, through their whip, to substitute the names of Senators Bonnell and Corbin for any two whom they wished to remove.

It was certainly in no way intended as a slight or a reflection on the capabilities or talents of either of the two senators involved. It was simply the only way that we could see to

reduce the number to what was felt to be an acceptable number from that side of the house on the committee total.

Senator Corbin: Honourable senators, I thank Senator Doody for his explanation. It seems to me that if, in his opinion, there were too many names on the list, one does not begin by chopping off the first ones; names from the tail end of the list should be chopped off first. That is simple logic. However, I am not suggesting that should have been done.

For the record I will simply state—and I am not crying over spilt milk; I can get back on that committee any time simply by talking to my beloved whip—that I was rather surprised that a member from western Canada would do that to two of his colleagues who represent here in this house the founding provinces of Confederation. I do not know what we have done to Senator Balfour, or anyone on that side, that both Senator Bonnell from P.E.I. and I from a humble hamlet in New Brunswick would be chastised in this way. I want that on the record.

I would have accepted that he chop off someone from Toronto or Montreal—that is where their usual beef lies—but to do that to us who are humble people, I just cannot understand it.

Senator Frith: Honourable senators, on the point raised by Senator Doody, rule 68 is quite clear. It states:

> The Leader of the Government in the Senate, or, in the absence of that Leader, the Deputy Leader of the Government, and the Leader of the Opposition in the Senator, or, in the absence of that Leader, the Deputy Leader of the Opposition, are members *ex officio* in addition to the number of appointed members, of the Committee of Selection and all select committees of the Senate.

Thus, the rules take care of the question.

Senator Doody is saying that we are faced therefore with a printing error, and I agree with him. I see no reason why we should not add that, because the rules take care of it. It is simply a matter of its not being printed in accordance with the rules.

The Hon. the Speaker: Honourable senators, is it agreed that the report, as amended, be tabled?

Hon. Senators: Agreed.

Report, as amended, tabled.

AN ACT TO PROVIDE FOR APPOINTMENT OF A PORT WARDEN FOR THE HARBOUR OF QUEBEC AN ACT TO AMEND AND CONSOLIDATE THE ACTS RELATING TO THE OFFICE OF PORT WARDEN FOR THE HARBOUR OF MONTREAL

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-14, to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal, and to validate certain fees and charges established pursuant thereto.

Bill read first time.

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

Hon. C. William Doody (Deputy Leader of the Government): On Tuesday next, June 4.

• (1410)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, may I ask the mover of the motion, Senator Doody, whether we can take it—although I have no notice of what he intends to do with regard to the adjournment at the end of the day—that we will be sitting next Tuesday?

Senator Doody: That is not settled, honourable senators; I am merely following the conventional order. I will, at the appropriate time, which I suspect is Notices of Motions, bring forward a proposition to the Senate and let honourable senators consider which course of action they would like to take with regard to sitting next week.

Senator Frith: So Tuesday was mentioned to make sure that the rule of two days' notice is observed?

Senator Doody: Exactly.

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next, June 4, 1991.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Some honourable senators will be pleased to know that the petitions against the GST and the petition of many of our fellow citizens in favour of an election to correct the GST, among many other wrongs of this government, continue to arrive. Today from Quebec I have 19 petitions with a total—

Senator Simard: All unsolicited.

Senator Frith: Yes, you are quite right. Thank you for underlining that fact. I have not solicited a single one of the petitions that I have put forward. They have arrived, as Senator Simard quite correctly points out, unsolicited. They come from St. Clotilde, Victoriaville, St. Leonard, Montreal, Farnham, Granby, Messines, Gracefield, Gatineau, Maniwaki, Blue Sea, Bouchette, Saint Jovite, Mercier, St. Chrysostome, Chateauguay, Repentigny, Rougemont, Ste. Angele, Hull. Total names, 378.

From Ontario I have two petitions with names of citizens from Etobicoke, Rexdale, Waterloo, Kitchener and Woodbridge. On some of these particular petitions are included some names that are on the Quebec list. There are two petitions from Ontario with a total of 54 names. The total altogether for today is 21 petitions, 432 names.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, my harvest was not as plentiful as Senator Frith's, but nevertheless I have the

privilege of tabling a petition signed by 58 residents of Quebec who object to the goods and services tax.

These petitions are mostly from Chicoutimi, Jonquière, St-Hubert and Bromont.

[*English*]

Hon. M. Lorne Bonnell: Honourable senators, I have a petition from Aylesford, Nova Scotia, signed by citizens of that great province who did not have their names struck off the list and who are protesting the goods and services tax.

Senator Simard: Have they cashed their GST cheques yet?

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 30, 1991

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIRST REPORT

Your Committee has reviewed the Telecommunications Policy of the Senate and now makes the following recommendations:

1. The Senate should receive detailed statements for all telephone resources.

The detailed statements for on-net lines and authorization codes are to be obtained by the Director of Finance and forwarded to individual Senators.

2. With respect to Senate staff long-distance calls, these accounts should be verified by the employee's supervisor.

Respectfully submitted,

ROMÉO LeBLANC
Chairman

He said: Honourable senators, I should point out that although the committee has not been formally re-established, this report is made pursuant to Bill C-79, entitled, "An Act to amend the Parliament of Canada Act," which we adopted during the last session.

I also want to show that there is life after prorogation and, in fact, I understand there will be life for this "eternal" committee even after dissolution.

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

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

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this may be a good time to outline what the business of the Senate might be in the immediate future and to ask senators' opinion as to how we should proceed.

We have two bills to deal with next week, one of which Senator Eyton will introduce for second reading today, and the other, Bill C-14, to provide for the appointment of a Port Warden for the Harbour of Quebec, will be introduced on Tuesday if we sit on that day. Both of these bills are important, but I do not think either is of sufficient urgency of itself to bring back the Senate.

It is my hope, and the hope of some other senators, that on the completion of the Senate's business today we will adjourn until Tuesday, June 11. Many senators have expressed some dissatisfaction with coming back from Vancouver, Calgary or St. John's for the sake of sitting for an hour or an hour and a half on one, two or three days. I am told that even those from Montreal have expressed some dissatisfaction with the work schedule of the Senate. However, in order to get the Senate working properly after its prorogation, we obviously have to get the committees working. So the suggestion of an adjournment until June 11 makes a number of assumptions. These are the matters that I would like to put before the Senate, to which the Senate may or may not agree.

• (1420)

The first assumption is that the Senate will have dealt with the report of the Selection Committee today. If there is not enough time to deal with it today and further time is needed for debate, we can continue tonight or come back tomorrow or whenever. That is obviously up to the Senate. However, I think it is important that we constitute those committees, which have business pending with which they need to deal.

The Legal Affairs Committee has one bill now waiting to be referred to it. I think Senator Buckwold has a second bill which he will move today. Foreign Affairs has a bill which will be referred to it as soon as it is constituted. National Finance has a set of Supplementary Estimates which were tabled a day or two ago, which I will refer to that committee as soon as it is constituted. The Rules Committee has some matters to consider, matters which senators have looked at and prepared and want to have considered by the committee, to be judged whichever way and at whatever time, and they are anxious to get started on that. So it is obviously necessary to set up these committees as quickly as we can.

The second assumption, honourable senators, is that a motion will be adopted by the Senate today which will permit Senate committees to sit when the Senate is not sitting.

Hon. Royce Frith (Deputy Leader of the Opposition): They can.

Senator Doody: Honourable senators, this is a bit peculiar. I think the rule is on page 32, if honourable senators wish to refer to it.

Senator Frith: I thought it was just when the Senate was sitting that committees could not sit. I thought we had straightened that out in the Rules committee.

Senator Doody: I believe there are two rules that apply. The first is Rule 76(2) which says:

> When the Senate adjourns for a week or less, a select committee may sit on those days over which the Senate is adjourned if notice of the intention to meet during the adjournment of the Senate has been given to the members of the committee one day before such adjournment.

That is a peculiar rule, and I really do not want to go into the background of it because I do not know what the background of it is. I only know that it is there. So it would have been difficult to have given notice to the members of the committee before the committee was struck. That is a dilemma. The next subsection of that rule, 76(3), says:

> By order of the Senate any select committee may meet during an adjournment of the Senate which exceeds a week.

However, you have to have an order of the Senate for that to happen. The committees really are kept on a very tight leash by these rules, and to deal with this problem in the past, at least in recent years, a motion has been presented in the early stages of the Senate sitting in a new session to set aside these rules and allow the Senate committees to sit when the Senate is not sitting. I would have to ask leave today to put such a motion forward and to have it accepted so that the Senate's committees can sit next week. That, of course, is assuming—back to assumption number one—that the committee report is dealt with and that the committees are approved by the Senate. So, if honourable senators agree with that, we can proceed.

Senator Frith: Is that it for the assumptions?

Senator Doody: If honourable senators accept my assumptions as being valid and we indeed deal with the committee report today, and if leave is given to pass a motion to allow the committees to sit, then later on today, or whenever honourable senators will allow, I can move an adjournment motion which will allow us to return on June 11 and which will allow these committees to sit next week—and, as I have mentioned, they already have work ready for them. Therefore I would welcome any comments that any senators might have on this proposition, and we will proceed accordingly.

Senator Frith: I think I understand. What the deputy leader is saying is that he is not proposing a notice of motion now. He is saying that he will wait and see how things evolve today and then ask for leave—

Senator Doody: Yes.

Senator Frith: —to revert and ask for leave on some motions as he has told us. Therefore we will wait and see how the day evolves.

Senator Doody: I just want the senators to be clear on the situation before we proceed further. Obviously, I do not expect to have leave now.

QUESTION PERIOD

GOODS AND SERVICES TAX

COALITION AGAINST ALL TAXES ON BOOKS—REQUEST FOR MEETING WITH PRIME MINISTER

Hon. Jacques Hébert: Honourable senators, my question is directed to the Leader of the Government in the Senate.

During the long debate on the GST in this chamber—a debate that was so rudely interrupted—we mentioned the devastating impact this tax would have on the publishing industry.

Five months after the GST came into force, sales in Quebec bookstores dropped between 15 and 30 per cent, depending on the area and the size of the stores. This was stated, with supporting figures, by the coalition against taxes on books.

Eight bookstores in Quebec have already closed down, as we predicted. Publishers are publishing fewer books—as predicted—and printings are smaller. As a result, it is harder for writers to publish their books and when they do, they receive fewer royalties, which further reduces their meager income. According to the Writers Union of Canada, the situation is much the same in English Canada.

Faced with this threatening situation, the coalition against taxes on books demanded a meeting with Prime Minister Brian Mulroney yesterday. Does the Leader of the Government in the Senate know whether the Prime Minister has agreed to this urgent request or whether he intends to do so as soon as possible, between two trips?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I will be glad to put this question to my colleague, the Minister of Finance, and ask for a report which I will table shortly.

[*English*]

ABORIGINAL AFFAIRS

REQUEST FOR JUDICIAL INQUIRY INTO OKA CRISIS

Hon. Richard J. Stanbury: Honourable senators, I have a question for the Leader of the Government in the Senate. I am sure the leader is aware that there have been repeated calls from the community at large, particularly from parliamentarians on the House of Commons Standing Committee on Aboriginal Affairs and from many of the leaders in the aboriginal community, for a judicial inquiry into last summer's events at Oka. He will also know that a coroner's report was issued earlier this week dealing with the death of Corporal Lemay. That the report deals with serious questions, but because of its limited scope, many of these questions are left unanswered.

My question for the government leader is: When will his government announce a full, proper and public judicial inquiry to look into last summer's events at Oka?

• (1430)

Hon. Lowell Murray (Leader of the Government): Honourable senators, with regard to the coroner's report in Quebec I can only reply that I saw in the newspapers within the past day or so that the responsible minister in Quebec, Mr. Ryan, had indicated, if I understood correctly, that the provincial government will proceed with the judicial inquiry that the coroner has recommended.

INDEPENDENT JUDICIAL INQUIRY

Senator Stanbury: Honourable senators, I think perhaps the leader is in error. As I understood the minister, he was suggesting that there might be an inquest, which is quite a different thing from an independent judicial inquiry. It is the federal government which has access to all of the information that would be required to give evidence before a judicial inquiry and it is the federal government's responsibility to see that these facts are made clear.

Will the Leader of the Government in the Senate undertake to advise the Prime Minister that the time has come for an independent judicial inquiry?

Senator Murray: Honourable senators, one of my colleagues, Senator David, confirms that my reading of the reports is correct and that indeed the Quebec government does intend to have a public inquiry along the lines recommended by the coroner in the Lemay case.

As to any recommendation I might make to the Prime Minister on this matter, I can only say that I would be glad to convey Senator Stanbury's views on the matter to him.

FISHERIES

LEGALITY OF FEES CHARGED TO FISHERMEN FOR MONITORING CATCHES

Hon. M. Lorne Bonnell: Honourable senators, can the Leader of the Government advise me whether the fishermen are being taxed legally on the wharfs of Prince Edward Island, Quebec, the Gaspé, New Brunswick, Nova Scotia and Newfoundland by way of paying a fee to have their fish monitored at the wharf? Has the government made a decision yet whether it is really acting under legal jurisdictional authority?

Hon. Lowell Murray (Leader of the Government): Honourable senators, if the government was not confident of its legal position it would not, of course, be taking that action or any other action. If the honourable senator, or anyone, contests the legal right of the government to take a particular action, I think he knows what his recourse is.

Senator Bonnell: Would you repeat the last part of your answer?

Senator Murray: Honourable senators, those who believe that the government is acting beyond its jurisdiction, or in an illegal way, have a recourse in this country, and their recourse is to the courts.

Senator Simard: The minister has answered that question in committee.

Senator Bonnell: Honourable senators, when Senator Simard becomes Leader of the Government in the Senate I will let him answer the questions. Up until that time I will ask him to show the courtesy of a member of the Senate by keeping quiet while someone else has the floor. If he cannot do that then I can only tell him that the people of New Brunswick are not very pleased with his actions when he interrupts his own leader while he is trying to answer an honourable senator's question.

Senator Simard: You are just refusing to hear and accept the answer. Smarten up.

Senator Bonnell: If you would stop talking, I might hear what someone else is saying, but you are there mumbling to yourself.

Senator Simard: You be in charge of P.E.I; let me be in charge of New Brunswick. We are satisfied with the answers.

Senator Bonnell: Did you hear him mumbling over there about something? I don't know what it is.

AUTHORITY FOR MONITORING FEE

Hon. M. Lorne Bonnell: Honourable senators, it seems to me that if the Government of Canada intends to tax the fishermen of the Gaspé, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador for monitoring their fish, the Leader of the Government should be able to show me or tell me where to find the legislation, or even a regulation under an act of Parliament, that gives the government the authority to do that. They should be able to quote me under what authority they do this. If they cannot quote to me the act and the legislation, or the regulations under the legislation, then why should a poor fisherman, who is striving to get by, have to fight with all the legal authority of the Government of Canada for his legal rights over the few fish that he is able to catch? God knows there are not that many fish left.

Hon. Lowell Murray (Leader of the Government): Honourable senators, for the past two days the honourable senator has been asking me whether a particular action taken by the government is legal. What answer does he expect from the minister except an answer in the affirmative? We would not be doing it if we did not have confidence in our legal position.

However, the senator has just asked a specific question, namely, under what legal authority this is being done, and I should be glad to obtain the reply for him.

AUTHORITY FOR MONITORING FEES—ADVICE OF COMMITTEE COUNSEL—GOVERNMENT POSITION

Hon. John B. Stewart: I have a supplementary question, honourable senators. Are we to take it that the government has

taken into consideration and has rejected the view of counsel to the Joint Committee on Regulations and Other Statutory Instruments that this charge is not soundly based in the law?

Hon. Lowell Murray (Leader of the Government): I shall be glad to obtain an answer to that question as well.

Hon. M. Lorne Bonnell: Honourable senators, it is all right to say that you will bring in some measures, but Parliament was closed for half a day and a new session began. All the questions before it were lost; we are not getting any answers to them.

Senator Murray: I beg your pardon?

Senator Bonnell: When you say "a few days", that means nothing. The other day you promised me that very soon you would give me an answer. I asked you what "very soon" meant and you said "very shortly."

These fishermen want to know. They are poor people. They are not the elite of this country; they are poor people striving to get by with small families in the rural parts of Canada. Let us get them an answer. Let us tell them where they stand. Why can we not get that information? If the minister here does not know, can he find out from the minister in the other place? If he does not know, then do away with this fee and let the people be free.

Senator Simard: And I think you need—-

Senator Bonnell: Do not let Senator Simard answer the question.

Senator Murray: Senator Bonnell has asked a straightforward question. The question is: Under what legal authority is the Government of Canada taking a certain action? It should be possible to get a reply to that quickly.

Senator Bonnell: An answer?

Senator Murray: I shall undertake to do so.

On the questions and answers in general, let me give the honourable senator and all colleagues the box score. Since September 25, my colleague, the Deputy Leader of the Government, has brought in 169 delayed answers. He has three, I believe, delayed answers that he will table today. There are still nine outstanding, and we are working on them.

FOREIGN AFFAIRS

APOLOGY TO CANADA BY GOVERNMENT OF JAPAN—LACK OF FINANCIAL COMPENSATION—GOVERNMENT POSITION

Hon. Stanley Haidasz: Honourable senators, yesterday the president of the Hong Kong Veterans Association in Canada cried "outrage" that the Prime Minister of Japan did not add any financial compensation to the apology to those veterans, given in the presence of the Prime Minister of Canada. I should like to ask the Leader of the Government in the Senate whether the Prime Minister did, in fact, make any representations or ask the Government of Japan to support or to give consideration to the request of the Hong Kong Veterans Association for financial compensation for their suffering during World War II while in Hong Kong?

• (1440)

Hon. Lowell Murray (Leader of the Government): I shall take that question as notice, honourable senators.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable Senators, I have three delayed answers to questions which I would ask to be printed as part of today's proceedings.

(*The answer follows:*)

INTERNATIONAL RELATIONS

VISIT OF PRIME MINISTER TO HONG KONG AND JAPAN—CONTINUATION OF MOST-FAVOURED-NATION TREATMENT FOR CHINA

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the first delayed answer I have is in response to a question raised in the Senate on May 21, 1991 by the Honourable Jack Austin regarding International Relations—Visit of Prime Minister to Hong Kong and Japan—Continuation of Most-Favoured-Nation Treatment for China.

(*The answer follows:*)

> The Government believes that Chinese trade with the outside world helps the Chinese people to maintain a window on the world abroad. Sustained Canada-China commercial exchanges are an important component of this open door.
>
> Canadian MFN trading status with China was established in 1973 and has been renewed by mutual agreement on a regular basis, most recently in October 1988 for a three year period.
>
> U.S.A. President Bush announced May 27, 1991 his intention to renew MFN status for China for another year.
>
> Revocation of MFN status for China could adversely affect the environment for Canadian trade and investment in China.

EMPLOYMENT EQUITY

DEADLINE FOR REVIEW OF ACT—ESTABLISHMENT OF SPECIAL COMMITTEE TO UNDERTAKE REVIEW

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the second delayed answer I have is in response to a question raised in the Senate on May 28, 1991 by the Honourable Lorna Marsden regarding Employment Equity—Deadline for Review of Act—Establishment of Special Committee to Undertake Review.

(*The answer follows:*)

It is the intention of the Government to have a special order of reference for Bill C-62 at the beginning of the session in September and it will likely be sent to the Standing Committee on Labour, Employment and Immigration.

We do not expect there to be any deadline for the Committee to report back its findings.

CANADIAN PACIFIC RAILWAY

REROUTING OF WESTERN TRAFFIC THROUGH UNITED STATES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the third delayed answer I have is in response to a question raised in the Senate on May 28, 1991, by the Honourable Gildas L. Molgat regarding Canadian Pacific Railway—Rerouting of Western Traffic Through United States.

(*The answers follows:*)

For many years now, CP Rail has moved potash from mines in Saskatchewan and coal from southeastern British Columbia from the mine sites to transborder gateways in either Saskatchewan or Manitoba. From there, these commodities are carried onward to destination points in the U.S. by interconnecting American railroads, or, from the mine sites entirely over Canadian Pacific's lines, to the port of Thunder Bay for vessel loading and delivery to ports on the Great Lakes. There is no intention on the part of CP to change these traffic routings.

The real question deals with the fact that part of CP's coal car fleet is made up of bathtub gondola cars that were manufactured in Canada and used domestically to export coal to the West Coast. They are also used for the transport of low sulphur coal to power generating plants in Ontario. CP has a surplus of this equipment. These cars are cheaper to operate than the equipment currently used in transborder coal and potash service, so CP applied to the U.S. regulatory authority for approval to operate these cars in the U.S. This approval is necessary because the cars were built in Canada and do not satisfy all the U.S. specifications.

CP has applied for a waiver of compliance on these specifications. They do not compromise the safety of the rail car, but are technically outside the U.S. design criteria. They are looking for the waiver to avoid paying for modifications solely for the sake of modifications.

CP's actions are a response to the competitive advantages enjoyed by the U.S. railroads.

CP feels that its proposal to use these bathtub cars should not result in the loss of Canadian railway employment. Indeed, if the proposal is accepted, CP will generate increased traffic levels.

In summary, the use of bathtub gondola cars is clearly an attempt to reduce the operating costs for the traffic in question. Cost reductions of this nature ultimately benefit Canadian exporters as they help Canadian rail carriers to remain financially viable and thus capable of providing rail service at competitive prices. The Minister of Transport supports efforts to assist Canadian shippers to be competitive in U.S. markets.

[Senator Doody.]

INCOME TAX CONVENTIONS BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator DeWare, for the second reading of Bill S-2, An Act to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and prevention of fiscal evasion and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this particular matter is one that has to be referred to a committee, and it will have to stand until we get the committee constituted.

Order stands.

CROWN CORPORATIONS DISSOLUTION OR TRANSFER AUTHORIZATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. John T. Eyton moved second reading of Bill C-8, to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof.

He said: Honourable senators, I am pleased—not necessarily thrilled but pleased—to speak to the second reading of Bill C-8, the Crown Corporations Dissolution or Transfer Authorization Act.

This bill responds to commitments made in the 1990 budget. In that budget, the government indicated that organizations to be wound up or whose functions would be transferred to other entities include Canada Harbour Place Corporation, Canadian Patents and Development Ltd., and the Canadian Livestock Feed Board.

The legislation we are considering names another three corporations to be dealt with. These are Harbourfront Corporation, Canada Museums Construction Corporation, and Mingan Associates.

When the Minister of State (Finance and Privatization) spoke on this bill in the House of Commons, he placed emphasis in his address on the government's views on crown corporations and the rationale for the government's management of crown corporations in general. I believe it would be useful to examine each of these six crown corporations in detail.

I will begin with the Canada Harbour Place Corporation, known as CHPC. That corporation was created in 1982 to design, construct and manage Canada Place, the federal government's contribution to Expo 86 in Vancouver. The corporation maintains a small public affairs program; manages a retail area in the building; maintains public walkways around the building; receives rental payments from long term leases on a theatre, restaurant and parking garage; provides common services of heating and cooling from a central plant on a cost recovery basis; and provides building security. These functions are carried out by 27 employees at an annual cost of $5 million. The corporation is currently operating on a self-sufficient basis but it is not setting aside sufficient moneys for future repairs. The bill before us proposes to wind up the CHPC as a parent crown corporation and transfer its assets to another federal entity.

While the buildings management services and public affairs programs carried out by the CHPC need to be maintained, it does not require the existence of a parent crown corporation to do this. The functions of the corporation will be carried out by whichever entity acquires it, and most of the staff functions will be required by the new authority.

The Minister of Transport will be given the authority to dispose of the government's shares in the corporation, and we expect the CHPC will cease to be a parent crown corporation shortly after this bill becomes law. Government books will show no direct savings from the transfer since the CHPC operated without appropriations and was not a source of revenue to the government in the past.

I turn next to the Canadian Patents and Development Ltd., commonly referred to as CPDL, which was created by letters patent in 1947. The corporation patents and licenses intellectual property which federal departments and agencies develop. It also has a program to educate scientists on the need to protect the technologies they develop.

The company currently has eight employees and an annual budget of over $3 million. This corporation has recently required appropriations—one of $1.2 million three years ago, and $799,000 in each of the past two years.

The Minister of Industry, Science and Technology will be authorized to procure the dissolution of CPDL. With the wind-up of the corporation, departments and agencies will become responsible for managing their own intellectual property, a function that some larger departments and agencies are already carrying out.

We expect that CPDL will be ready to shut down shortly after this bill receives Royal Assent. Departments and agencies will receive all revenues amounting to some $2.2 million from CPDL'S existing licenses. They will also receive a percentage of revenues from future licenses.

The National Research Council will provide a small advisory service on intellectual property to help smaller science departments during a two-year transition period. Departments will be encouraged to hire CPDL employees. Those who have not acquired positions will receive an appropriate severance package.

With the wind-up, the government will save on CPDL's nearly $800,000 annual appropriation. In addition, the wind-up of CPDL will allow a greater role for scientists in marketing the property they develop. Furthermore, since departments will be able to keep revenue from licenses, they will now have an incentive to aggressively research and market technologies.

The next corporation in the legislation is the Canadian Livestock Feed Board, known as the CLFB, which was established pursuant to the Livestock Feed Assistance Act, 1966-67. The board administers the Feed Freight Assistance Program, which subsidizes the transportation of livestock feed from surplus regions to regions that are deficient in feed. It also collects and disseminates statistics and other information on the livestock industry in Canada.

The board has 22 employees, and an annual operating budget of approximately $1.7 million. The Feed Freight Assistance Program distributes approximately $18 million in subsidies per year. All of the costs are covered by appropriations. The costs have remained relatively stable over the past several years.

The programs and functions carried out by the board will be transferred to Agriculture Canada. The Minister of State for Grains and Oilseeds will be authorized to do all that is necessary to wind up the CLFB. He will then assume responsibility for the programs and functions now carried on by the board.

The windup should be accomplished shortly after Royal Assent. The CLFB employees would be transferred to Agriculture Canada and would continue to work in their present locations. The windup would be physically easy to carry out, since staff would not be affected, and offices would remain open.

Administrative savings due to the windup would amount to $500,000 per year. The savings would be achieved without affecting the delivery of programs.

The next agency is the Canadian Museums Construction Corporation, known as CMCC, which was established in 1982 to construct new buildings for the National Gallery of Canada and the Canadian Museum of Civilization. It was always intended that CMCC would be wound up after the projects were completed.

Construction of the gallery has finished and construction of the Museum of Civilization was completed last summer. CMCC plans to cease active operations by this fall.

• (1450)

The bill we are considering, honourable senators, provides for a change in CMCC's legal status from parent crown corporation to a subsidiary of Canada Lands Company Limited. Canada Lands Company Limited, which is another parent crown corporation, already holds two of the three shares that have been issued in CMCC. The bill would authorize the company to acquire the third share in CMCC which is held by the Minister of Public Works. The change in status

will place CMCC in a holding pattern prior to eventual dissolution by Order in Council.

CMCC will be dissolved once all outstanding rights and liabilities have been addressed. It is too early to say precisely when that might be.

There are no staff implications. Once CMCC ceases operations the corporation will no longer have any employees. The corporation has already made provision for termination benefits.

After CMCC ceases operations, any remaining work, such as settling construction claims and correcting construction deficiencies, will be handled by the Department of Public Works. The objective of the share transfer is to give CMCC a more appropriate legal status once it becomes a shell corporation, and at the same time to ensure that rights and obligations associated with the museum projects are preserved.

I turn now to the Harbourfront Corporation, which was acquired in 1978 to manage and develop lands held by the federal government as a result of a commitment made in the 1972 election campaign. The commitment was to return the waterfront to the people of Toronto.

Harbourfront developed about one-half of the 100 acre site, creating luxury, affordable and non-profit housing at a time when there was an urgent need. The corporation also improved many acres of derelict land, turning it into attractive parklands, venues for cultural activities and sites for development.

At the same time, partially funded by development proceeds, Harbourfront developed widely acclaimed public programming activities which last year attracted something over 3.5 million people attending more than 4,000 events. Harbourfront played an important role in stimulating the redevelopment of Toronto's waterfront, but there were also complaints of overdevelopment.

On March 30, 1988 the federal government appointed the Honourable David Crombie as Royal Commissioner on the Future of Toronto's Waterfront. His 1989 interim report recommended that the cultural programming and land development functions of Harbourfront be separated.

Municipal and provincial freezes were placed on development at Harbourfront, thus closing off the corporation's ability to generate funds to continue its activities. Last year the federal government appointed Mr. Darcy McKeough to develop a plan acceptable to all interested parties. In November Mr. McKeough's report was accepted by the Government of Canada and endorsed by the Province of Ontario and the Mayor of the City of Toronto.

Under this plan the majority of the remaining undeveloped land will be dedicated to public use. Funds from the disposal of remaining assets will be used to complete necessary site work and to establish a trust fund. The proceeds from this trust will be used to fund ongoing program needs.

The crown corporation will essentially be getting out of the real estate development business. The bill will give the Minister of Public Works the authority to dissolve the corporation and to dispose of its assets under conditions subject to approval by the Governor in Council.

A locally controlled non-profit entity is carrying on Harbourfront's programming activities, and I am pleased to confirm that most of Harbourfront Corporation's employees retain their employment in the new structure. The 58 employees whose jobs were eliminated because of the restructuring were offered normal severance benefits.

Harbourfront achieved its goal of returning the waterfront to the people of Toronto. During this time the priorities of the people of Toronto changed, placing parks and accessibility to the waterfront high on their agenda. In this context it is appropriate that the programming activity be the focus of local interest and controlled at the local level, where it belongs. Consequently, the federal government management of programming has been ended.

Lastly, Mingan Associates Ltd. is an inactive crown corporation. The company was acquired in 1983 to permit the recovery of fishing and land rights controlled by Mingan. These rights were transferred to an adjoining Indian reserve and the corporation became inactive.

The bill permits the Minister of Indian Affairs and Northern Development to dissolve Mingan. He is expected to implement the dissolution as soon as possible once the bill becomes law. There are no employees and no ongoing functions requiring administration.

Although there are no direct operating savings, ending Mingan's status as a parent crown corporation will reduce paper burden by eliminating the reporting requirements.

To sum up, with this bill the government is getting out of inappropriate roles and allocating tasks where they can best be performed without additional overheads. We are recognizing that when a job is completed, the agency that did the job should be phased out. These are actions that can and should be supported. The savings from these initiatives are modest, but the initiatives are nonetheless a clear indication of a process of critical self-evaluation that should be welcomed.

Canadians are demanding that their governments be more efficient in the delivery of public services and goods. If delivery can be arranged less expensively and more intelligently, then Canadians, I believe, will support such a change.

On motion of Senator Molgat, debate adjourned.

PRIVATE BILL

UNIVERSITY OF EMMANUEL COLLEGE—BILL TO AMEND SECOND READING—DEBATE ADJOURNED

Hon. Sidney L. Buckwold moved second reading of Bill S-4, to amend the Act of Incorporation of the University of Emmanuel College.

He said: Honourable senators, I introduced Bill S-20, which is exactly the same as Bill S-4, in the last session of Parliament. As a matter of fact, Bill S-20 was given first reading on March 22 of this year. It was given second reading on April 9. The Standing Senate Committee on Legal and Constitutional

Affairs reported the bill on April 17, and it received third reading on the same day.

In fact, the bill was all ready to go, but I presume even Anglicans cannot control certain acts of God. Parliament was prorogued and the bill died on the order paper before it went through the House of Commons. It is now rising again in the sense that it is now being introduced for second reading.

I do not think it is necessary to go through the details of the bill in any great way. I remind honourable senators that the University of Emmanuel College is an affiliate of the University of Saskatchewan. In fact, the college was established to prepare candidates for ordination in the Anglican Church of Canada.

• (1500)

The University of Emmanuel College has a very long history for that part of the world. It was originally founded in Prince Albert in 1879 and was incorporated by an act of the Parliament of Canada in 1883 while that part of the world was still part of the territories. It was known as the University of Saskatchewan. However, in 1909 the University of Saskatchewan was established by the provincial government as a provincial university and what had been the University of Saskatchewan—namely, the Anglican seminary—was changed to Emmanuel College and later changed to the University of Emmanuel and St. Chad's. Senator Balfour would know about St. Chad's, which is in Regina. So, as I say, for our part of the world that is a very ancient educational institution and one that has certainly earned the respect and admiration of those involved in the educational process.

The bill really updates the provisions of the act of incorporation. I think it has been carefully prepared. Here are the changes involved, and you will excuse me if I summarize them very briefly: The first change involves the French name being properly expressed. The second clause is consequential to the first clause. Clause 3 amends the university's charter to provide that the principal of the college affiliated with the university be *ex officio* Vice-Chancellor of the university.

Clause 4 updates section 12 of the university's charter by providing that the Senate of the university be composed of certain designated office holders or persons with qualifications described in the new provisions. Finally, clause 5 indicates that section 14 of the university's charter requires that a formal procedure be followed in the making of a statute, by-law or regulation by the university pursuant to the statutory authority to do so given to it by its charter.

As I said when I previously introduced this bill:

> At this time it cannot be determined with certainty from the records of the university whether the formalities were always complied with in the past when any statutes, by-laws or regulations were made. This amendment would remedy any such irregularity if any irregularity did, in fact, occur.

Knowing how Anglicans operate, you will be assured that no irregularities occurred. But to make sure, they are covering them with this amendment.

Honourable senators, that would be the intent of the bill. It was previously referred to the Legal and Constitutional Affairs committee where it received approval. It is my pleasure, once again, to urge the adoption of this bill and ask that it be referred to that committee for review.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this bill appears to be, as Senator Buckwold has said, a repeat of a bill we dealt with in the previous session. Nevertheless, it is important that we go through the rules and conventions of the Senate and refer it to committee. So at an appropriate time when we get that committee established, this bill will be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Buckwold: Has that committee not been appointed yet?

Senator Doody: Yes. The Selection committee dealt with that particular committee and that report will be dealt with later this day.

The Hon. the Speaker: I gather, Senator Doody, that you are adjourning the debate?

Senator Doody: Yes.

On motion of Senator Doody, debate adjourned.

COMMITTEE OF SELECTION

SECOND REPORT—POINT OF ORDER

The Senate proceeded to consideration of the Second Report of the Committee of Selection (membership of certain select committees), presented in the Senate of 29th May, 1991.

Hon. Orville H. Phillips: Honourable senators, I move the adoption of the report.

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

POINT OF ORDER

Hon. Allan J. MacEachen: Honourable senators, I have certain difficulties with this report from a rules point of view. It may be that my difficulties can be removed by the chairman of the committee and that it would be unnecessary, if that is the case, for me to seek a ruling on the motion before the Senate. Earlier, my sense of uneasiness increased as Senator Doody indicated that in his view the approval of this report would establish and approve these committees and accordingly provide them with the status to deal with bills as if they had been validly constituted. I have difficulty with that view.

In order to illustrate my difficulty, may I refer to the Second Report, or the report that is proposed for adoption. The Second Report begins:

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

True enough, 66(1)(*b*) says:

At the commencement of each session, a Committee of Selection consisting of nine senators shall be appointed whose duties shall be to nominate

(*a*) a senator to preside as speaker *pro tempore*;

(*b*) the senators to serve on the several select committees.

That is, in a sense, the mandate or the basis upon which the Selection committee operates.

• (1510)

Rule 67 states:

(1) The standing committees shall be as follows:

(*a*) The Joint Committee on the Library of Parliament to which shall be appointed seventeen senators.

(*b*) The Joint Committee on the Printing of Parliament to which shall be appointed twenty-one senators.

(*c*) The Joint Committee on the Restaurant of Parliament to which shall be appointed the Speaker and six other senators.

(*d*) The Joint Committee on Scrutiny of Regulations to which shall be appointed eight senators.

(*e*) The Joint Committee on Official Languages to which shall be appointed nine senators.

The rule is very specific as to the number. Rule 67(1)(*f*) states:

(*f*) The Committee on Standing Rules and Orders, composed of fifteen members, four of whom shall constitute a quorum, which is empowered on its own initiative to propose to the Senate amendments to the rules from time to time.

The rule is clear. It says that the Committee on Standing Rules and Orders will be composed of 15 members, four of whom shall constitute a quorum. Honourable senators, the report proposes a committee of nine members, not 15. I repeat, the rule says that the Committee on Standing Rules and Orders shall be composed of 15 members, four of whom shall constitute a quorum.

I cannot believe that the Senate would be acting properly to establish a committee of nine members, directly contrary to the specific rule of the Senate, and entrust that committee with the duty of dealing with bills, such as has been proposed by the Deputy Leader of the Government.

I expected that today the Deputy Leader of the Government would seek the approval of this report, which would create nine members, and that he would then seek another meeting of the Committee of Selection in order to add the additional members so that the committee membership would be brought into line with the *Rules of the Senate*. That was my thought, but the Deputy Leader of the Government removed that thought by saying he regarded the passage of this motion as establishing the committees in a juridical way, capable of doing business.

It would be repetitious, I think, to read in detail the subsequent numbers, but perhaps it is necessary. The Standing Committee on Internal Economy, Budgets and Administration is to be composed of 15 members. Honourable senators, 15 members are proposed in the report and, if the report is adopted, that committee will be validly constituted. The rule states that the Standing Senate Committee on Foreign Affairs is to be composed of 12 members, and I believe seven are proposed. The rule does not say that the Standing Senate Committee on Foreign Affairs shall be composed of seven members, four of whom shall constitute a quorum. Honourable senators, I wonder how a chairman of a committee would determine what a quorum was if he called a meeting and nine members were in attendance. I do not know. If he looked to the rule, he would realize that the committee must be composed of 12 members, four of whom would constitute a quorum.

According to the rules, honourable senators, the Standing Senate Committee on National Finance is to be composed of 12 members; and the Standing Senate Committee on Legal and Constitutional Affairs is to be composed of 12 members. I believe the proposal in the committee report is that that committee is to be composed of seven members.

I hope the government will realize the difficulty that will confront it in pressing forward with the establishment of committees whose membership is not in accordance with the standing orders, and for which it will be impossible for a chairman to establish a quorum if the committee is called. It would proceed by asking the Committee of Selection to resume its work and to bring in a report with the number of members required by the rules.

That is my difficulty, honourable senators. It may be that the Senate has, by unanimity or by consent, agreed to different arrangements, but we are not proposing to waive the rules in this case and, in my view, they must apply.

It has been suggested that subsequently the whip on our side could add the names of the Liberal members. I do not think that is the case. According to the rules, all that the whip can do is change the membership; he cannot add to it.

Honourable senators, that is my difficulty. I hope we will recognize the difficulty at once and try to remedy it, rather than proceeding, perpetuating this situation, and opening a whole new series of subsequent difficulties for all of us. I put forward my opinion, honourable senators, before I press for any kind of a ruling.

Senator Phillips: Honourable senators, as the Leader of the Opposition has indicated, there was some disagreement, or lack of agreement, in committee yesterday concerning the proportion of the membership between the parties and the Independents. We on this side would very much like to see the Liberal Party represented on the committees, and yesterday, as chairman of the committee, on a couple of occasions I specifically asked if the Liberals wished to nominate any further senators and, at that time, I was advised that they did not.

I am pleased to see the Leader of the Opposition take the attitude that he wants his party represented on the commit-

tees, as do we. We are willing to assist him in that regard in any way we can.

I would suggest that one option would be that the opposition amend the motion, adding their names in the established pattern, and we on this side would be quite happy to accept that amendment. I hope the Leader of the Opposition will find that acceptable.

Senator MacEachen: Honourable senators, I am not complaining at this point, although I would on another occasion, about the fact that there are no Liberals on the committees. There are Liberals on the Standing Committee on Internal Economy, Budgets and Administration and they bring the number to 15. The deficiency is that the numbers are not in accordance with the rules. I could not complain on procedural grounds if the chairman of the committee had brought in 15 Conservatives. I would raise hell on the other grounds, but I am now making a procedural argument. I do not think that the suggestion made by the whip, however helpful he attempted to be, removes the difficulty, because the committee has to do that job. I cannot make amendments here to the committee report. The committee has to grapple with this.

• (1520)

Senator Phillips: I have some hesitancy in accepting the viewpoint of the Leader of the Opposition that the Senate cannot amend this report. I believe it can. However, in the spirit of generosity that exists here today, I would be quite willing to suggest that the Senate recess for a few minutes while we have the Selection committee sit, allow the opposition to name their members to the committee, and then we could report it later this day and proceed by adopting the complete report.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I am not quite sure what spirit of generosity the government whip is referring to, but, if there is such a one, I do not count myself as part of it. I have another concern. It is one with which honourable senators are familiar, because it is a position I have taken in the committee on two occasions and once in the Senate, drawing to the attention of the Senate that the Committee of Selection itself—which, of course, is offering this report for approval—is improperly constituted because it is the result of the government's unilaterally establishing a majority of government supporters on the Selection committee. So, since the committee itself is improperly constituted, one must certainly question whether it would be wise to support a motion to adopt a report from such a committee that is suffering from that procedural or legal vice.

Let me remind honourable senators that there is no precedent for a government or an opposition doing what has been done in this case in establishing this committee. Honourable senators will notice that the committee itself, born in this impropriety, has perpetuated and spread this impropriety through its recommendations contained in this report, because, in all cases, the improper Committee of Selection has put its improper imprimatur on each of the committees by again giving a majority to government supporters.

However, it has gone even further than that—and honourable senators should remember that it is improper because the government does not have a majority in the Senate. There was an occasion where the government had a majority and gave the opposition a majority on a committee, but that situation was one where, with a majority, the decision was made by the majority. This case is unique, as far as I am able to determine, because the present circumstances are that neither the Liberal supporters nor the Conservative supporters have a majority and so neither is entitled to claim or force a majority on the Committee of Selection or on any other committee.

Now, I suspect that the main objective of the government in the Senate with regard to this process is to have a proposal for amending the rules placed before this improperly constituted Rules and Orders committee.

Hon. Jean-Maurice Simard: That is not what you said last week.

Senator Frith: I could not have said anything else.

Senator Simard: I heard you. We argued on our side that you were saying that the committee was improperly constituted and you said no.

Senator Frith: Which committee?

Senator Simard: The Selection committee.

Senator Frith: Yes.

Senator Simard: You said no, that it was properly constituted, but because of tradition and so on—I guess you are changing your argument today. You are reversing your field. You admitted that the committee was properly constituted last week and you took exception because we were lending you motives or attributing statements to you at the time. You argued about tradition. As a matter of fact, you were making excuses for not raising the issue on the opening day of the house. That is what you were saying.

Senator Frith: Honourable senators, I took the position, which I maintain, that we could not argue that the committee had not been established by the Senate, because it had been. I have consistently used the phrase "improperly constituted." I am using it today. I used it on the first day of the committee meeting. I used it once again in the Senate. I used it again in the committee and I am using it again today. So I am being quite consistent. With the numbers as they are, that is, with neither the Liberals nor the Conservatives having a majority, this Selection committee has now established in the Rules and Orders committee a relationship of eight to six, or nine to six by accommodating Senator Molson in such a way as to reduce the presently vacant seats.

In the previous session the relationship in the Rules and Orders committee was nine to six. reflecting a status in the house as follows: Liberals, 58; Conservatives, 35; Independents, 5; Independent Conservative, 1, as he then was; and 5 vacancies. So even with a relationship of 41 non-government and 35 Conservatives, if one looks at it on the present basis, neither the Liberals nor the Conservatives have a majority. At that time the Liberals had a majority or 58 to 35 and still gave

the Conservatives 6 members in a relationship of 9 to 6. That is what this Selection committee is proposing, with the status in the Senate as it is today.

The tradition has always been that the government would absorb any independent members. In this case what the government has done is to put forward eight Conservatives and therefore left six vacancies, because it has added Senator Molson—not, honourable senators should notice, absorbing the independent themselves but making sure that, without any basis related to status in the Senate, they have a majority of nine to six, which was the arithmetical basis for the status that existed when the relationship in the Senate was 58 Liberals and 35 Conservatives. Therefore, they are not only reflecting the impropriety of the relationship in the Committee of Selection, but they are exaggerating it and forcing it even further with regard to the Standing Rules and Orders committee. I wonder why. I believe the reason the government has done this is to be absolutely sure that it will be able to change the rules in the Senate in such a way as to emasculate the Opposition in the Senate, the same as it has emasculated the Opposition in the House of Commons.

• (1530)

Senator Simard: You said that was a unique situation. What is unique about it?

Senator Frith: Having usurped a majority in the Committee of Selection, the government has not only reflected that majority on a seven/five basis in the other committees, but has effectively made it nine to six in the Standing Rules and Orders committee in order to proceed with the emasculation of the Senate. I hope I am surprised, but I expect that any proposals the government has for the Standing Rules and Orders committee, which it seems hell-bent to get established, will have the intent of changing the rules of the Senate so as not to break the rules as it did in order to get the GST through.

Senator Simard: You had your rules. They exist now.

Senator Frith: Yes, and I think they could be improved upon. The rules in any Parliament exist for the sake of the Opposition, not for the sake of the government.

Senator Simard: Yes. We saw that on September 24.

Senator Frith: Otherwise, for what would you need a Parliament? If the government and Parliament are there simply to agree with whatever is proposed by the government, then what is the need for a Parliament? We now know the extent to which the House of Commons will do anything to prevent the government from having its way. However, we will see. It may be that we will be surprised. Maybe we will find that the rules that are being proposed are not rules that will attempt to squash any opposition and emasculate opposition in the Senate.

Senator Simard: September 24th.

Senator Frith: However, I suspect that having found that it had to break the rules in order to get the GST through, the government will try to change the rules so that it can do that sort of thing with at least some semblance of authority.

That is my objection to adopting this report. Of course, we still have not dealt with the very valid procedural question raised by Senator MacEachen.

Hon. William M. Kelly: Honourable senators, notwithstanding all that has been said—and I understand Senator MacEachen's position on the ultimate number to be nominated to these committees—the report, as I read it, simply says that the committee submits herewith a list of senators who have so far been nominated. Those senators have been nominated to serve on these committees. That is really what the current report of the committee says.

All that is being said here is that there is a motion before the chamber asking that this report be approved. I understand Senator MacEachen's point — it is clear in the rules — as to what the final makeup must be, but why can we not go ahead and vote on this report? This is the report of the committee and it simply lists those who were nominated to serve on the committee.

Hon. John B. Stewart: Senator Kelly, earlier this afternoon Senator MacEachen read the mandate of the striking committee, and, as I read that mandate, the striking committee has no right to put forward the particular document that we have before us. It has a right, indeed the obligation, to put forward a report containing the names of the specified number of senators. So this report is a nullity.

Senator Kelly: With respect to Senator Stewart's point, I do not think that is quite so. It was clear at the Committee of Selection meeting yesterday that there were no further nominations available at that time from the other side of this chamber. In addition, I come back to my basic point that we are all senators here. That could have led the Committee of Selection to bring forward the balance of names from this side of the chamber. It chose not to do that, but, in the interest of moving ahead, it did come forward with the nominations made yesterday. That is what this report says. It seems to me that it is perfectly legitimate for us to vote on this report.

There is the other issue of whether the committees can sit. However, this is the report of the committee. I do not see why we cannot vote on the report itself.

Senator Stewart: The problem, Senator Kelly, is that the rule says:

> 66(1) At the commencement of each session, a Committee of Selection consisting of nine senators shall be appointed whose duties shall be to nominate
>
> (*a*) a senator to preside as speaker *pro tempore*;
>
> (*b*) the senators —

Not some senators, but the senators—

> —to serve on several select committees.

In the next rule, the number of senators, who are the senators to serve on the several select committees, is defined. The so-called report is not a report which flows from the

authority of that committee. It is hard to see what, in fact, we have before us.

Senator Kelly: Honourable senators, why do we not let the Senate decide? If the majority of senators here agree with Senator Stewart, or with other things that have been said, they will vote against it and the report will be set aside. If, on the other hand, they agree that this report is worthy of being approved, then they can approve it. We can argue the procedure forever. However, this is a pretty straightforward thing. Why do we not put the question forward and vote?

Hon. Senators: Hear! Hear!

Senator MacEachen: Senator Kelly is, in a sense, reviving the technique which he so callously used a few months ago in suggesting that we now amend the Rules of the Senate by a vote on this motion. The Rules of the Senate say that the committees must be composed of a specific number of members. That is the issue before us. I believe that we must have a ruling on whether these committees are being set up in accordance with the Rules of the Senate—yes or no. If we set up a committee today, could any chairman presiding in the circumstances discern a quorum in accordance with the Rules of the Senate? That is the question. If the whole thing were withdrawn, the committee would go back to the drawing board. That apparently, is not, the wish of Senator Phillips. Senator Kelly is suggesting that we vote, and, if the majority decides, then the rule of the Senate is abrogated in that we have nine senators instead of one. If that is the case, then let us throw out the rules, since they are not worth a damn.

Senator Frith: Throw out the Senate, you mean. Why bother with the Senate?

Senator MacEachen: If the Leader of the Government says that, if this motion is passed, we will not hold committee meetings until they are brought up to the numbers required in the rules, then that is another matter; but I have not heard anyone in authority say that.

• (1540)

However, I have heard Senator Doody say that he intends to have meetings of these committees next week to deal with bills, even though the membership is at nine instead of 12. If I had an assurance to the contrary, I would drop the procedural argument, but unless I do, I have to proceed to the only recourse I have, namely for a ruling from the Chair as to whether this is proper procedure, whether committees can function validly when they are set up other than in accordance with the clear rule of the Senate.

Senator Murray: Is the honourable senator suggesting that there is no precedent for a Selection Committee bringing in a report in respect of any committee with less than the full complement of members for that committee? If he is making that suggestion he would be wrong.

Senator MacEachen: No, I am not making that suggestion. In fact I covered that point. I said that by unanimous consent the rules of the Senate can be waived and any number established. But there is no unanimity to waive the rules of the Senate.

Senator Phillips: Honourable senators, I would like to advise the Chair that I am speaking to the motion and require—

Senator Frith: Do you think you are closing the debate?

Senator Phillips: Yes.

Senator Frith: Did you speak to it at the beginning? I do not recall you doing so. I do not think your speaking closes the debate.

Senator Phillips: I do not have to speak at the beginning.

Senator Frith: I do not think this closes the debate.

Senator Doody: He moved the motion.

Senator Frith: No, it is only second reading of a bill.

Senator Murray: And a substantive motion.

Senator Frith: I do not know whether this is considered a substantive motion.

Senator Phillips: I would think this is a substantive motion.

Senator Frith: We do not agree that the debate is being closed.

Senator Phillips: Does anyone else wish to speak? If not, the debate would be closed.

Senator MacEachen: Honourable senators, if that is the view taken by Senator Phillips, I would have to ask for a ruling on whether the matter is validly before the house and whether we can set up committees in direct violation of the rules. Can we have nine-member committees when the rules call for 12? That is the simple proposition.

Senator Frith: Besides, I do not think this is a substantive motion, but that is another matter.

Senator Murray: Honourable senators, our friends opposite are asking for a ruling. They are entitled to ask for a ruling and Your Honour will have to consult his advisors and the precedents and authorities and bring in a ruling.

Senator Frith: Since it has arisen, while we are at it we might have a ruling as to whether a motion to adopt a committee report is a substantive motion, because a substantive motion is defined as an independent motion neither incidental to, nor related to, a proceeding or order of the day already before the Senate. I think there is a very moot point as to whether a motion to adopt a committee report is a substantive motion.

Senator Phillips: Honourable senators, before the Chair makes a ruling on the request of Senator MacEachen, I would point out to the honourable chamber that on a number of occasions last year various committees operated without a full complement of members.

Senator Frith: That has nothing to do with it. You obviously just do not understand the point.

Senator Phillips: I am not so sure you understand it.

Senator Frith: I do, but you clearly do not because no one has made that suggestion at all.

Senator Phillips: Would you demonstrate a bit of understanding, then?

Senator Frith: That is not the point he is raising at all.

Senator Phillips: If there is any change from this report later on in the session as far as complement is concerned, I would like to know what the difference is. I checked the list of membership for the last session of Parliament and I found out that the Liberals had not nominated a single senator to the Joint Senate Committee on the Scrutiny of Regulations. It was quite all right not to nominate on that occasion and it was passed by the house. What is wrong with this report? What is the difference?

Senator MacEachen: Because it was done by consent.

Senator Frith: That is the difference.

Senator MacEachen: When a point is raised the rules have to be observed, that is the point.

Senator Phillips: The honourable senator provides an opportunity for me to raise my second point. If we followed Senator MacEachen's method we would have to wait for unanimous consent. In other words, the chamber would be unable to operate without unanimous consent. Senator Frith suggests that we could operate by unanimous consent. He would give unanimous consent for the committee to be formed, which would be very generous and magnanimous of him, and we appreciate all that, but we on this side take the view that we have the right and the responsibility—which is a word you do not understand over there—to set up our committees and to function, and we do not have to wait for unanimous consent.

Senator MacEachen: Just follow the rules.

Senator Frith: Of course you do not just follow the rules. Just in case the Chair misunderstands the point raised, as Senator Phillips obviously does, there is no question that the committees can be set up by a report approved by a majority vote. However, the committees have to be composed of the numbers referred to in the rules. It is that simple. Just read the rules. You do not have to look at *Bourinot* or *Beauchesne*. The rule says that the committees shall be composed of a certain number, and until they are composed of that number they are not composed and not validly set up. That is the point that Senator MacEachen is raising. It has nothing to do with unanimous consent. The only relevancy of unanimous consent is that you could set up the committees and operate without a full membership by unanimous consent, of course.

Hon. Noel A. Kinsella: Honourable senators, I think the rules are indeed very helpful for us in this matter, and in particular the reference to the role of the Senate in receiving a report of any committee, and, in this instance, receiving the report of the Committee of Selection. Otherwise, why would we have in rule 66(3) the confirmation role that the Senate must play? This is precisely the situation that we are in. We have nominations—not elections—being brought before this chamber. That is why the question that is before this chamber is whether we confirm or not confirm nominations that have been placed before us.

Hon. Lowell Murray (Leader of the Government): Let me try once more. The Leader of the Opposition is asking for some kind of undertaking from me as to what our plans would be in the event that this motion were to pass. If this motion passes with regard to all the committees other than the Internal Economy committee, and if the question is whether we would have a meeting of the selection committee so that the committees could be brought to their full complements, then the answer would be that of course we would, yes.

However, if the question is if this motion passes, will we agree to indefinitely refrain from holding any meeting of the committee while awaiting nominations from the other side, the answer has to be no. We have a responsibility to get on with the business of the Senate, and we could not allow a boycott of the selection committee to interfere with that.

Senator MacEachen: Honourable senators, I understand that the obligation of all of us is to ensure that we operate according to the rules of the Senate. All I am asking for is an undertaking that if this motion were passed the committees would not meet unless they were brought up to full strength as required by the rules. That is all. I am not asking you to wait on me or on anyone else. You are free to bring in a report filling the committees to 15 by persons on the other side. You can do that if you want to; you do not have to wait for me. All I am asking is that you follow the rule. In doing that, I hope that you will follow the rule of equity and fairness.

• (1550)

Senator Simard: In the meantime you will boycott all the rules of the Senate?

Senator MacEachen: I have not asked the Leader of the Government, but if these committees meet with a complement of nine when the rules call for 12, you are heading for trouble. It is not just from me and the people on this side; you might have some of those people affected by the tax treaties wondering whether the burdens placed on them had been validly placed when the jurisprudence of the Senate had been violated in levying those taxes.

Hon. C. William Doody (Deputy Leader of the Government): May I ask a question for the clarification of myself and perhaps others? Is my understanding correct that if this report is adopted and the Selection committee is called for another meeting this afternoon, this evening, tomorrow, or whenever, that honourable senators opposite will be willing to nominate enough senators to bring the Senate committee complements up to those suggested in the rules? Do we have that undertaking or understanding, or am I incorrect?

The dilemma that I see is that if we do not deal with this matter now and we leave the situation in limbo, then we might very well be heading for a lot of trouble, such as Senator MacEachen has just mentioned. But if there is goodwill on both sides—that is, if both sides are willing to bring the complement of the Senate committees up to 12 or 15 and add

to the numbers that are here now by honourable senators representative of the other side—then I think we are on the right road.

Senator MacEachen: While the honourable senator is negotiating or discussing across the aisle, will he reconsider the distribution of numbers that he has proposed on the Standing Rules and Orders committee? I thought that it was a fair proposal, in view of the fine balance between the two sides, to have equal numbers on both sides, and have an Independent as chairman.

Hon. Roch Bolduc: What does that mean?

Senator Frith: You had better repeat that, because he shouted while you were speaking, and we did not hear your point.

Senator MacEachen: Senator Doody has asked a question. He has asked whether we will attend the committee and add our members. Before I answer that question, I want to ask him whether he will reconsider distribution of membership as between parties, particularly on the Rules and Orders committee.

I then went on to say that I had made a proposal that I thought was reasonable and fair, namely that, in view of the situation in the house, the membership of the committee be made up of an equal number on both sides, with an Independent chairman, so that if there were a division in the committee along party lines, the Independent chairman could call the shot. I thought that was a reasonable proposal.

Will Senator Doody reconsider particularly the distribution of members on the Rules and Orders committee so that we may have some assurance that new rules are not shoved down our throats, the purpose of which is to remove the rights of the minority in the chamber? The Rules and Orders committee is very critical. If we had some indication of a willingness to reconsider, then it might be possible to move ahead.

Senator Doody: The difficulty is in the closing statement of Senator MacEachen in which he talked about the rights of a minority in the Senate. Certainly, it is not reasonable to ask that the minority in the Senate have an equal number of seats on a committee with this side which has more members—

Senator Frith: A minority.

Senator Doody: —than the people on the other side.

Senator Frith: But a minority, nevertheless.

Senator Doody: And to pass over the casting vote—that is, the deciding vote—to an Independent defies description. It is not a reasonable proposition. There is an obligation on the side with the most members to make their presence known and to make their decisions in the committees as well as in the chamber. I do not think that a composition of seven, seven, and one would pass a test of fairness in any reasonable group.

Senator Frith: It sounds fair to me. Let us see where we are. Senator Doody, in answer to Senator MacEachen, said earlier, "If we have a meeting now of the Selection committee, are you prepared to nominate or propose Liberal members for that committee?" To which I say, "How many?" And he says, "Well, of course, six." Is that correct? In other words, swallow yourself. Just say "take it all back"; say that it is perfectly reasonable; say that an even balance between two parties—neither of which has a majority—with an Independent, is unreasonable—in other words, two minorities represented equally, with a balance, an independent, is unreasonable?

An Hon. Senator: Yes.

Senator Frith: It is obviously unreasonable to those unreasonable people on the other side. Anyone will recognize that, if you give him those kinds of numbers. A 10 year-old kid will say, "Well, sure, you have two minorities. What's the proposal?" Well think that the two minorities should be equally represented and that it should be balanced by an Independent. What could be fairer? But the offer that Senator Doody is now making is to say, "You tell us. Your position is that we have improperly usurped a majority on the Selection committee; that we have taken that usurped majority and forced a majority on the other committees accordingly, and now we want you to come and say that you were wrong.

You now think that it is perfectly fair to have a split of nine and six on this committee. When that applied on a previous occasion—that is, when there was a split of nine and six—the Liberals had a majority of 53 to 35.

The Conservatives—that is, the government—now say that nine and six was acceptable with a relationship of 53 to 35. You say, "We are saying to you Liberals that nine and six is equally fair and equally reasonable when we are talking about two minorities, with one of those minorities having more."

But they are both minorities. In effect, Senator Doody is making this offer: "Change your mind. Say that everything that you have been saying up to now, namely, that this usurped majority on the Selection committee, and a forced majority on all of the other committees flowing from that, is okay, although you have been saying that it is not."

I have never heard a single argument that has any mathematical basis to it at all. It is just: "There is no damn reason for it; it is just our policy."

Senator Murray: Honourable senators, the Deputy Leader of the Opposition seems again to be addressing the content of the report and the question of whether or not the report should be adopted. However, a point of order has been raised by the Leader of the Opposition, and he has asked for a ruling. That is where we are at the moment.

In that respect, I want to reiterate what I said earlier about the fact that Selection committees in the past have brought in reports containing the names of less than the full complement for particular committees. Those reports have been adopted, those committees have been set up—

• (1600)

Senator Frith: Adopted without a point of order being raised and by unanimous consent, which is quite different.

Senator Murray: The Honourable Leader of the Opposition says there was unanimous consent. I see in the motions that

created those committees, that adopted those reports, no reference whatever to leave having been asked for or granted—

Senator Frith: Or points of order raised.

Senator Murray: I will not detain the Senate with a recitation of year after year, but I have it here, and Your Honour and advisors to the Chair can look it up. I will give as a rather outstanding example the year 1973 where the Foreign Affairs Committee, whose full complement was 30 members, it states here consisted of 18; where the Health, Welfare and Science Committee, whose full complement was 30 members, consisted of 20; Internal Economy, Budgets & Administration, whose full complement was 25 members, consisted of 19; Legal and Constitutional Affairs, whose full complement was 30 members, consisted of 20; and National Finance, whose full complement was 30 members, consisted of 18.

Senator Frith: Was a point of order raised in any one of them, or was there a vote or division on any one of them? Any one?

Senator Murray: Honourable senators, I see no evidence whatsoever that leave was ever asked for or granted, that unanimous consent was sought or granted, or indeed that a point of order was raised. However, that does demonstrate that it is possible to come in here with a report from a Selection committee containing the names of less than a full complement of a committee, to set up the committee and indeed that the committee can start functioning. However, I will leave that.

I think that any attempt to resolve the substantive matter here this afternoon having failed, where we are now is with a point of order on which a ruling has been asked, and we will have to take it from there.

Senator Stewart: Senator Murray, is it not accurate that the example you have given took place prior to the rule which we now have in the *Rules of the Senate*?

Senator Murray: What rule is the honourable senator referring to?

Senator Stewart: The one that was quoted earlier this afternoon.

Senator Doody: The rule about the number of members on a committee.

Senator Murray: The rule that the honourable senator is referring to is the rule that establishes the number of senators for a committee.

Senator Stewart: Yes.

Senator Murray: Well, I think not, honourable senators. I have in front of me the 1958 rule book. Perhaps Senator Stewart has a rule book from somewhere between 1958 and 1970.

Senator Stewart: Senator Murray is referring to very large committees for a relatively small house. The present rule, the rule under which we are operating here this afternoon, deals with much smaller numbers. Consequently, the example taken from that earlier regime is hardly relevant.

[Senator Murray.]

Senator Murray: I do not think it is irrelevant, honourable senators. I appreciate the point the honourable senator has made about committees with a larger number of members and committees with a smaller number of members, but the complement of those committees that I have just referred to from the year 1973, I think it was, was fixed by the rules. For example, the 1958 rules list them all here and in French it states:

[*Translation*]

78. Les comités permanents sont les suivants:

1. Comité mixte de la bibliothèque du Parlement, auquel doivent être nommés dix-sept sénateurs.

Et ainsi de suite . . .

5. Comité des transports et des communications, composé de cinquante sénateurs.

[*English*]

Senator Murray: They did not say "not more"; they established what the full complement was.

Senator MacEachen: Honourable senators, I think the point Senator Murray makes is an important one, and I understand how such events occur. The house agrees to a situation which is in apparent contradiction with the rules. Today, if we had said nothing and permitted the committee report to be adopted without comment, it would be a fair inference that we had consented to a reduction in the numbers on the committees, that we had felt it was the thing to do, and that we accordingly had waived the rules. I think that is precisely what has happened in the cases which Senator Murray refers to, that both parties met in the Selection committee and said, "Well, we know the rule, it says 30, but isn't it reasonable to reduce it?", and let it come into the house and waive that rule, as we do formally so frequently.

The difference in this case is that one side is not prepared to waive the rule upon which we rely to protect our interests. I accept the validity; I accept that what Senator Murray says has happened, but I think one has to look behind it to understand its meaning. I believe the meaning is that there was consent rather than that it is possible to pass motions which are in direct violation of the rules. That is my point.

Senator Murray: Very well, but look behind the report that has been brought in here today by the Chairman of the Selection committee and what to you find? Perhaps the Leader of the Opposition also listened to the proceedings on the machine we have in our offices. I heard the proposal being made for certain Conservative senators on the Standing Committee on Internal Economy, Budgets & Administration, and the Liberals put forward a list of names.

• (1610)

As it happened, I believe there were 17 names for a 15-member committee. The committee members then proceeded to vote name by name. They eliminated two of the names. We ended up with a committee at full complement, as indicated in Senator Phillips' report.

When the committee came to discuss Foreign Affairs, National Finance, Legal and Constitutional Affairs, it was Senator Frith who insisted that the vote be taken on the full Liberal slate. He would have all of his nominees, or he would have none of them.

Senator Frith: And you did it.

Senator Murray: He insisted that the vote be taken in that way. The committee members voted certainly on the composition of Internal Economy; and they voted on the composition of the other committees. The result is what we now have.

The chairman of the committee has brought forward the only report he could bring forward, which is that the committee has agreed—

Senator Frith: That is not true.

Senator Murray: —on the following senators for the various committees.

Senator Frith: All I have to do is insist on something and they cannot do anything else but what I insist upon. That is a new one. I would like that.

Senator MacEachen: Honourable senators, what I think Senator Murray has illustrated is how maladroit his colleagues on the committee were. If they wanted to achieve their objective, when Senator Petten moved his motion all they had to do was amend it by removing one Liberal. They would have achieved their objective in that way. That is what I thought they would have done. I do not think that it is fair for Senator Murray to argue at this stage there was no other alternative, that Senator Frith by word of authority had established—

Senator Frith: I would like to make that a rule by unanimous consent.

Senator MacEachen: I know how persuasive he is. But it was still open to amend Senator Petten's motion and reduce the numbers. That would have given the proper complement. Surely we ought not to disturb the rules to compensate for a maladroit performance in the committee.

Senator Phillips: Honourable senators, if my understanding of the remarks of the Leader of the Opposition and the Deputy Leader of the Opposition are correct, I believe they have asked for a ruling from the Chair. This chit-chat back and forth is very interesting, but not very informative—

Senator Frith: Not for you, perhaps. We found what you said informative, sir. I am sorry you do not feel the same way.

Senator MacEachen: I can understand why you want to get off this subject.

Senator Phillips: Neither is it very productive. We are not making much progress. With great respect, I would ask the Chair to rule on the request.

Hon. Douglas D. Everett: Honourable senators, I have some trepidation about using the rules of the Senate to reduce the size of committees where there is an objection to it. If the Committee of Selection was properly constituted, which I believe it was, I fail to understand why the committee cannot name whatever senators it chooses to be on that committee. I think it can name Conservatives, Liberals and Independents.

It has been the custom in the past to receive the consent of any senator who is to sit on a committee, and for obvious reasons. In fact, there is nothing in the rules that says that consent has to be given. Therefore, I am inclined to wonder why the Committee of Selection does not meet again and choose 12 senators in whatever proportion of Liberals, Conservatives, Independents it desires and then put the report to the Senate. I recognize that will slow the process down. Perhaps that is what the opposition hopes will happen. It is sometimes important to adhere to the rules even though it slows the process down to some degree.

I suggest that we not seek a ruling, that the request be withdrawn, that the Committee of Selection meet immediately and conclude the job that it set out to do. The reason I say that is because I am somewhat concerned that a ruling of the Chair, which will probably come to a vote of this house and therefore be endorsed or not endorsed by such a vote, which states that a Selection committee can by fiat reduce the number of people that are on a committee when a minority objects to that, might be a precedent that we might some day regret.

Hon. John Sylvain: Honourable senators, just before the Speaker makes a ruling on this matter, I would like to point out that the report of the committee makes the following suggestion. It states, "... the list of Senators nominated by it to serve on the following select committees:" It does not say that the committees will consist of those senators. It leaves ample room for further appointments to these committees as the opposition chooses.

The Hon. the Speaker: Do honourable senators wish the Chair to rule on this matter?

Some Hon. Senators: Yes.

Senator Murray: Honourable senators, the Leader of the Opposition can speak for himself. He has asked for a ruling.

The Hon. the Speaker: I will take the matter under consideration. We will adjourn now and reconvene at the call of the bell.

The Senate adjourned during pleasure.

• (1700)

[*Translation*]

SPEAKER'S RULING

REPORT ADOPTED

The Hon. the Speaker: Honourable senators, at the commencement of each session, a Committee of Selection consisting of nine senators shall be appointed whose duties shall be to nominate

(*a*) a senator to preside as Speaker *pro tempore*;

(*b*) the senators to serve on the several select committees.

[*English*]

Rule 67 of the *Rules of the Senate* lists the various committees of the Senate as well as their maximum number of members.

In the brief time allowed to me, I have noted that while the Committee of Selection has often provided a list of the maximum number of members to be nominated, it has not always done so. I would draw the attention of the Senate to the Second Report of the Committee of Selection, dated October 9, 1986. In that report, the Committee of Selection nominated only 14 members to serve on the Committee on Internal Economy, Budgets and Administration although Rule 67(1)(*g*) states that that committee shall be composed of 15 members. In the same report, the committee nominated only 11 members to serve on the Standing Committee on National Finance although Rule 67(1)(*i*) states that that committee shall be composed of 12 members. In the same report, the committee nominated only 11 members to serve on the Standing Committee on Fisheries even though Rule 67(1)(*n*) stated that that committee shall be composed of 12 members.

More recently, on June 6, 1989, the Committee of Selection nominated only four senators to serve on the Joint Committee for the Scrutiny of Regulations although Rule 67(1)(*d*) states that eight senators shall be appointed to that committee. In that same report, the Committee of Selection nominated only eight senators to serve on the Joint Committee on Official Languages although Rule 67(1)(*e*) states that nine senators shall be appointed to that committee.

It would appear, therefore, to the Chair that while Rule 67 of the *Rules of the Senate* sets the maximum number of members which a committee may have, the Committee of Selection is not obliged to nominate a full complement of senators for each committee.

I therefore rule that the Point of Order raised by the Leader of the Opposition is not valid.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I take it the motion before the house is for the adoption of the report of the Selection committee.

Hon. Orville H. Phillips: Honourable senators, in closing the debate on the motion—

Hon. Royce Frith (Deputy Leader of the Opposition): You are not closing the debate.

The Hon. the Speaker: Honourable senators, you realize that if Senator Phillips speaks now, his speech will have the effect of closing the debate.

Senator Frith: Honourable senators, I do not realize that at all. In fact, I think that is quite wrong. The rule about closing the debate applies to substantive motions that are independent motions. We are dealing with a motion related to another proceeding, namely a report. I have no objection to Senator Phillips speaking. In fact, I will not have anything to say afterwards, but I think it is quite wrong to say that he is closing the debate. He may turn out to be the last speaker, and I suspect he will turn out to be the last speaker, but he is not closing the debate under Rule 30, in my view.

[The Hon. the Speaker.]

Senator Phillips: Honourable senators, I will take Senator Frith at his word and accept his promise that he will not speak again. I will not go into the background of the committee and so on at this hour of the evening. I would just like to repeat my offer to those opposite and hope that they would nominate senators to serve on the various committees. If they wish to nominate—

Hon. Allan J. MacEachen (Leader of the Opposition): The Speaker has just ruled that you do not need us, or the Senate does not need us. He has made a ruling that we are superfluous to the Senate, in his view.

Senator Phillips: The honourable senator can interpret the ruling in that way. I interpret it differently.

Senator MacEachen: That is our interpretation.

Senator Phillips: I invite the Leader of the Opposition to amend the motion before the Senate to bring the committees up to what I consider to be full complement. We on this side will accept the nominations without debate, and we can proceed forthwith.

The Hon. the Speaker: So it was moved by the Honourable Senator Phillips, seconded by the Honourable Senator Kelly that this report be adopted now.

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

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Senator Frith: On division.

Motion agreed to and report adopted, on division.

SELECT COMMITTEES

AUTHORIZATION TO MEET DURING ADJOURNMENTS OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding Rule 45(1)(*e*):

> That for the duration of the present session any select committee may meet during adjournments of the Senate.

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

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, we do not support this motion insofar as it applies to improperly constituted committees and committees that have been set up in direct violation of the *Rules of the Senate.*

Senator Doody: Do we have leave then to move the motion and have it accepted?

Hon. Royce Frith (Deputy Leader of the Opposition): Leave to what? Leave was not refused. That is not what Senator MacEachen was speaking to. We have opposed the motion, and I suppose the honourable senator is asking whether the motion can be put. He does not need leave for that, because he has already received it.

The Hon. the Speaker: I have put the motion, and I gather that it is agreed to, on division. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Senator Frith: On division.

Motion agreed to, on division.

THE ESTIMATES, 1991-92

NATIONAL FINANCE COMMITTEE AUTHORIZED TO STUDY SUPPLEMENTARY ESTIMATES (A)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the second motion that I discussed earlier today was the referral of the Supplementary Estimates (A) to the Senate Standing Committee on National Finance.

Therefore, I move, with leave of the Senate and notwithstanding Rule 45(1)(*e*)

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) for the fiscal year ending 31st March, 1992.

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

Hon. Senators: Agreed.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, for the reasons expressed by Senator MacEachen on the immediately preceding motion, we oppose this motion, and, if it carries, it will carry on division.

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

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Senator Frith: On division.

Motion agreed to, on division.

• (1710)

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I would ask that all inquiries stand.

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

Hon. Senators: Agreed.

Senator Doody: Honourable senators, may I have leave to revert to Orders of the Day, so that we can deal with the various bills and their respective committees?

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

Some Hon. Senators: Agreed.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and not withstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, June ll, 1991, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE CONTINUED—REFERRED TO COMMITTEE

Leave having been given to revert to Orders of the Day:

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator DeWare, for the second reading of Bill S-2, An Act to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and prevention of fiscal evasion, and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move that the bill be referred to the Standing Senate Committee on Foreign Affairs.

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

Hon. Royce Frith (Deputy Leader of the Opposition): On division.

Motion agreed to, on division, and bill, deemed to have been read the second time, referred to the Standing Senate Committee on Foreign Affairs.

PRIVATE BILL

UNIVERSITY OF EMMANUEL COLLEGE—BILL TO AMEND—SECOND READING—DEBATE CONTINUED—REFERRED TO COMMITTEE

On the Order:

Resuming the debate on Bill S-4, An Act to amend the Act of incorporation of the University of Emmanuel College.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

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

Some Hon. Senators: Yes.

An Hon. Senator: On division.

Motion agreed to, on division, and bill, deemed to have been read the second time, referred to the Standing Senate Committee on Legal and Constitutional Affairs.

PRIVATE BILL

SEVENTH-DAY ADVENTIST CHURCH IN CANADA—BILL TO AMEND ACT OF INCORPORATION—SECOND READING—DEBATE CONTINUED—REFERRED TO COMMITTEE

On the Order:

Resuming the debate on the motion of the Honourable Senator Croll, P.C., seconded by the Honourable Senator Neiman, for the second reading of Bill S-3, An Act to amend the Act of incorporation of the Seventh-day Adventist Church in Canada.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

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

Some Hon. Senators: Yes.

Some Hon. Senators: On division.

Motion agreed to, and bill, deemed to have been read the second time, referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*Translation*]

OFFICIAL RECORD

CORRECTION

Hon. Arthur Tremblay: Honourable senators, I rise on a question of privilege to request a very minor correction, although to my mind it is important. In yesterday's *Hansard* of the Debates of the Senate, this correction should be inserted in the English version at page 77, in the left hand column, on the penultimate line of the third paragraph, which reads as follows:

[*English*]

If a province does implement a program which is compatible—

and I insisted—

—in French it is—

and I think I said "compatible." However, *Hansard* indicates that I said ". . . it is "consistent—". I believe that correction would make my comments more in line with what I said.

[*Translation*]

Of course, since this correction concerns the English version, I would appreciate it if the French version were corrected accordingly. Thank you, honourable senators.

The Senate adjourned until Tuesday, June 11, at 2 p.m.

THE SENATE

Tuesday, June 11, 1991

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

Prayers.

RULES OF THE SENATE

QUESTION OF PRIVILEGE

Hon. William M. Kelly: Honourable senators, I rise on a question of privilege. I do so with some apprehension, but consistent with the position I have always taken in terms of my view of the Senate.

I want to draw attention to the fact that last week a notice was published announcing that the Standing Committee on Standing Rules and Orders would hold an organization meeting at 10 o'clock on the morning of June 4. Honourable senators, that did not excite me particularly. We all know how those things take place: a chairman and vice-chairman are elected and a budget is struck. I assumed that is what would take place.

On Wednesday I was in Ottawa, along with Senator Atkins, to meet some students and parliamentarians from Czechoslovakia. While I was here, a little before noon, I heard reference on a media broadcast—I cannot recall which one—to proposed rules for the Senate. That concerned me only because there was no possibility that any recommended rules could have been tabled in this chamber.

I called Mr. Lovelace, the Director of Information Services for the Senate, and asked if he could enlighten me on what was happening. He advised me that he had been informed by the media that a press conference—and those are his words—had been called for 2 o'clock in the afternoon of June 4. The document that was apparently issued to the Press Gallery stated, "The Senate Committee on Standing Rules and Orders invites you to a presentation on the tabling of new rules for the Senate."

I asked Mr. Lovelace if he would obtain for me the facts concerning what this was all about. He sent me what he described as a "press kit". In that kit I found a bound document described, "Proposed Amendments to the Rules of the Senate".

Honourable senators, my reason for raising this—and I want to make it very clear that I totally support the need for new rules in this chamber. The events of last fall make that absolutely essential, in my opinion—but what I am talking about is a process that I found disturbing.

The first committee I sat on had to do with CSIS, the separation from the RCMP of the intelligence gathering agency, and admittedly that committee, under Senator Pitfield, did call a press conference, but on the evening following the tabling of our report. My concern is that I was being advised of what the committee was currently doing through the media. I felt that it did not show sufficient respect for me as a senator or for this chamber.

My feeling is the same as honourable senators have heard before *ad nauseam*. We each have our caucuses, and we plot our various strategies, but when we enter the chamber I have always hoped that we could soften those things somewhat and meet together in a spirit of goodwill and mutual respect. If we cannot count on goodwill and mutual respect, and maybe we cannot, I would like to express the hope that the Rules committee will find some way of legislating, in the form of rules, some goodwill and mutual respect so that we can get ahead with the business of this chamber without a confrontational approach.

Simply put, I feel that my privilege has been abused. I would like to receive copies of notices, and the like, at the same time that members of the press receive their copies.

Hon. Brenda M. Robertson: Honourable senators, I would like to respond to Senator Kelly's point of order. I had some difficulty trying to follow Senator Kelly as he described the events he experienced. The Clerk of the Committee had advised me that all of the notices for the Tuesday morning meeting had gone out on Friday and that they went to the offices of all senators. Whether or not the honourable senator's secretary received one, I have no access to that information. The notices went to every senator's office. Another notice went out at noon hour, as soon as the steering committee met, calling a meeting for 2 o'clock. Another notice was sent to everyone's office before 2 o'clock. I am only reporting what the staff have advised me of the process. In speaking to other senators, I am informed that they did receive their notices.

No press conference was called. The press was invited to attend the meetings of the Rules and Orders committee. There was no press conference. I cannot answer the question you have raised because the press were invited. It was an open meeting. Some of the members did speak with the press after a presentation at the meeting at 2 o'clock by Senator Barootes. Subsequent to that another notice went out, and we met all day Wednesday beginning at 9:30. Ample notice was given of the hours of sitting to senators in every instance. If there was some sort of mixup in the honourable senator's receiving his notice, I apologize. The Clerk of the Committee, Mr. O'Brien, assured me that the notices had been sent out, and again, in speaking with some honourable senators, I know that some of them did receive those notices.

Hon. Royce Frith (Deputy Leader of the Opposition): It is all the fault of the officials; that is the line!

Senator Robertson: I wish I could be clearer on the press conference. The meetings were open to the public. None of the meetings were closed.

Senator Kelly: Honourable senartors, in that event, my office has failed to advise me that this document was distributed. If it was, then I withdraw any comment I made about it.

Senator Robertson: On that point, I do know that press kits—

Senator Frith: Conservatives never make mistakes, only the officials make mistakes, and their employees!

Senator Robertson: No, no. I take full responsibility for anyone at the Table, dear sir. However, press kits to explain the process were circulated to the press after the 2 o'clock meeting on Tuesday because the process is very complex, as you know, and we felt that we had a responsibility to the public to advise them of what was going on.

Senator Frith: May I ask Senator Kelly if he is now perfectly satisfied?

Senator Kelly: I beg your pardon?

Senator Frith: Is the honourable senator satisfied with the statement that no press conference took place, when the very thing he read from says, "invites the press" and "a question period will follow immediately after the presentation?" Is he satisfied?

Senator Kelly: My reason for raising the point of privilege was that I had the impression that there had been a press conference. I think the chairman has explained that, and I thank her for it. I was in error, but the appearance was certainly there; but I do withdraw.

Senator Hébert: What a joke!

Hon. H. A. Olson: Honourable senators, there is a lot more to this story—

Senator Frith: A nice little minuet to start off the proceedings!

Senator Olson: —than has been revealed so far.

The Hon. the Speaker: Order, please.

Senator Olson: As I said, there is a lot more to this story than has been revealed so far. I happened to be in Ottawa last week, too, and I did not get the notices at all that there would be substantive business carried on by the Rules committee. We were advised that there would be an organizational meeting, which I understand was held. The committee elected Senator Robertson, chairperson.

• (1410)

However, when I arrived here on Wednesday morning, June 5, I was surprised to learn that there was a meeting in progress, because I had not receive a notice. We learned from the press or, in fact, from some of the staff around this building that a meeting of the Rules committee was taking place in Room 356-S and tht the committee was working on some changes to the rules. Being interested in that information, my curiosity drove me from my office, which is just around the corner, to the meeting room. When I entered the room, the first thing that struck me was that none of my colleagues were in attendance—not one. Senator Molson was there, but the rest, all six of them, were Conservatives.

Then a member of the staff brought me a black book full of matters that were under discussion. None of this had ever been given to my office or sent to me through the mail, by messenger or any other way. The material in the book was so fascinating that I stayed at the meeting for an hour. I read about all of the rule changes that were to be made. It is my understanding that the press already had a copy of this book but that no one in the Senate, except the privileged few who were there, knew what was in that black book.

Senator Barootes: That is wrong. Explain why you left so precipitately.

Senator Olson: The members of the Conservative caucus may have known what was in the book, but I do not really believe they did because they did not appear to know what they were talking about when they were trying to explain it.

Senator Robertson: Do you?

Senator Olson: Yes. I have been around this place long enough that I understand it better than most.

Some Hon. Senators: Hear, hear.

Senator Olson: The important matter to note, honourable senators, is that someone had been working on that book for weeks—not days or hours but weeks. It was a secret. They were to change the rules by stealth, and that is, in fact, what they are trying to do.

Senator Doyle: It was an open meeting.

Senator Olson: That is the most ridiculous statement. Does the honourable gentleman mean that that book was prepared by senators at an open meeting? Even Senator Doyle does not usually stoop so far as to say things like that.

Hon. Efstathios William Barootes: Does Senator Olson have anything to say? If he is on a point of privilege, he has not said anything about it. On a point of order: Let us proceed with the proceedings of the day.

Senator Frith: You had better raise all points of order while you are still allowed to do so.

Senator Olson: It won't be long before we are not allowed to raise a question of privilege.

Senator Barootes: Do you have a question of privilege?

Senator Olson: You can trample on everyone just so often, even me, but I get tired of it and I react.

Senator Kelly raised a very proper and legitimate question of privilege—that he was not notified that the committee was moving into substantive business. Honourable senators, it was substantive. I would bet that not 10 per cent of the senators yet know what rules it is proposed to change—unless the Conservative caucus has had a great meeting, by stealth, and not let other senators know what is contained in that book they

were marching through. It was a sight to behold. The great principles of democracy. The chairperson was sitting there and one after another the members read what had been passed. There was no discussion. I, honourable senators, had never seen these items before and I could hardly keep up to the pace at which they were going through them.

The question of privilege raised by Senator Kelly is certainly valid. It affects my privileges. That is why I am speaking. I believe, honourable senators, that we have an obligation now to strike down those meetings as if they had never been held, because no one know about them.

Hon. Jean-Maurice Simard: No Liberal senators.

Senator Olson: There! He said it. He just said, "No Liberal senators."

Senator Simard: That is because—

Senator Olson: Why don't you sit down until I have finished my argument. That is what you should do. You said we had been notified, and I am telling you straight to your face that my office and all my colleagues were not notified.

Senator Simard: Wrong! Wrong!

Senator Olson: There you are. We never would have known that that secret meeting was taking place except for some of the staff who were walking around here. They asked, "Do you know what is happening to the rules in the Senate? Senators are going to be muzzled and silenced forever." I can tell by the look on Senator Murray's face that he knew what was going on and, with great glee, he intends to silence this Senate with these changes in the rules. So the point is very clear.

Senator Haidasz: It's unconstitutional!

Senator Olson: Senator Kelly has a very legitimate question of privilege regarding the stealth and secrecy that has gone on around this place with respect to the rules. I suppose later today, or in a few minutes, you will bring in the report and move that it be passed, and that will be the end of the effectiveness of this place forever.

Senator Haidasz: The end of free speech!

Senator Olson: You have already done it in the House of Commons, which has been silenced. There is a whole new section that I have not digested yet on allocation of time, for example.

Senator Simard: Order! Order!

Senator Olson: When the government moves a motion of allocation of time, it is not even a debatable motion under its new rules. There they are, the great democrats, the respecters of democracy over there, and yet they are bringing in this kind of garbage. You ought to hang your heads in shame that you would even contemplate these new rules and have a legislative body carry on in such a way.

Senator Simard: You're going to have a heart attack!

Senator Olson: Don't worry about my having a heart attack. I tell you, there is a legitimate question of privilege and I certainly hope that you take your responsibility now and strike down those meetings that were held in secret as if they had never happened—

Senator Simard: Sit down!

Senator Olson: —because senators in this place were not notified that such a thing was about to happen.

Senator Robertson: Honourable senators, I am not sure if I can respond to all of those ramblings. I will try to respond to as much as I can remember.

Senator Olson: Stick to the truth while you are doing it.

Senator Robertson: I intend to. Perhaps you might also do that.

Senator Olson: Try it for a while. Try the truth for once.

Senator Robertson: What I shall do, honourable senators, is contact the Clerk of the Senate and have him bring over to the chamber copies of all of the notices that went out to everyone. If you did not get them, it is not the staff's fault, nor is it my fault.

Senator Olson: The Senate was adjourned when you sent them out! Wasn't that nice of you!

Senator Robertson: The notices went out on Friday for the first time.

Senator Olson: That's nice! The Senate was adjourned and everyone was at home, away from Ottawa.

Senator Robertson: Senator Olson, I tried to keep quiet when you were speaking. Why will you not offer me the same courtesy?

Senator Olson: You're not speaking to the truth; that's why!

Some Hon. Senators: Oh, oh!

Senator Barootes: I demand that he withdraw that statement!

Senator Olson: Go ahead and demand it.

Senator Barootes: You are the proof for why the rules have to be changed. You are proving it.

Some Hon. Senators: Hear, hear!

Senator Olson: Tell the truth for once. To say that notices went out that there was to be a substantive motion is just simply not true.

Senator Barootes: Withdraw that statement! It's unparliamentary!

Senator Robertson: Don't expect apologies from those people. Forget it.

Senator Olson, had you read your mail, had you read the notices of motions that went out, and had you come, you would have known. We were hoping that some of you would come. You have an *ex officio* member who is even the deputy chairman, and he did not show up. We were disappointed. We brought to the committee the books with the proposed rules. Senator Molson was there.

Senator Olson: Who are the "we" that were doing all this?

Senator Robertson: Senator Molson was there. He got all his notices.

Senator Olson: If you are saying that I was notified, either by mail or by telephone, when I was 2,000 miles away from here, that statement is not true.

Senator Robertson: Your office was notified.

Senator Olson: No, it was not.

Senator Robertson: All right. On to another topic. I will get the notices that were sent out.

Senator Olson: Stick to the truth.

Senator Robertson: I am sticking to the truth. There were no members of the Official Opposition there.

Senator Olson: Carry on, anyway.

Senator Haidasz: How could you do such a thing?

Senator Robertson: Since no one from the Official Opposition would attend, we had the courtesy to at least send you six copies of the document we would be studying, which is more courtesy than we received on the GST report, I can tell you.

Some Hon. Senators: Oh, oh!

Senator Robertson: We sent notices to the leadership of your party, and I am sure that is how you got it. We had extra copies there in case people showed up. We were very glad to see you, and if you did not understand what we were talking about, Senator Olson, why did you not ask some questions? Why did you not bring it up in committee? Why did you not say, "What is this all about; I do not understand what you are doing?" You sat there and did not say a word, and you were never known to be shy.

• (1420)

You only became involved when Senator Barootes asked you a question regarding some advice, and it is interesting that three minutes after Senator Barootes asked you a question, to which you responded—and I was glad that you responded because it showed that at least one Liberal was in attendance for a few minutes — it was as if someone had used a shepherd's crook on you, senator, because three minutes later, you were gone. There was no more participation on your part.

I shall present to this chamber all the notices of motion that were sent out.

Hon. Gildas L. Molgat: I note that you will be sending copies of the notices to all the senators. Would you also provide the time at which they were sent?

Hon. Jerahmiel S. Grafstein: Would the honourable senator advise the Senate whether or not a budget was struck for this committee before the work of the committee was ordered by you?

Senator Robertson: Before the committee was struck?

Senator Grafstein: No, after the committee was struck.

Senator Robertson: After the committee was struck?

[Senator Olson.]

Senator Grafstein: My question is was work ordered on behalf of the committee prior to the budget being struck?

Senator Robertson: I am sure Senator MacEachen knows the answer, because he would have had his box on. It was explained at the start that many members of our Senate caucus have been concerned for months about the rules or the lack of rules in this chamber, and our caucus drafted broad principles, that we felt should be incorporated in the new rules. Then staff were employed by the caucus to draft rules to fit the principles.

Senator Barootes: And the concepts.

Senator Robertson: I could not draft a rule. I do not know anything about drafting. People were hired specifically to do that, but the caucus set out the broad principles that the Conservative caucus wanted incorporated in the rules. That was the origin of the material that you received.

Senator Grafstein: So the material that was prepared for the committee was all prepared at the expense of the Conservative caucus as opposed to the Senate?

Senator Robertson: It would be at the expense of the Conservative caucus in Senator Murray's office, I believe.

Some Hon. Senators: Oh! Oh!

Senator Robertson: Senator Murray can correct me on that, but I would assume that is how it was done.

Senator Grafstein: Perhaps Senator Murray could let the Senate know how much this cost, who was retained, when they were retained and —

Senator Barootes: It is none of your business.

Some Hon. Senators: Oh, Oh!

Senator Grafstein: Senator Barootes, I understand from the chairman of your committee that, in fact, the cost was not borne by the committee or by your caucus but perhaps by the Leader's office. There were appropriate questions asked before about the cost of advice that the Leader of the Government in the Senate received with respect to other procedural matters. If there were a cost, we would just like to know what that cost was, who paid it, when it was incurred, at whose instructions, and who received the materials prior to its coming to the committee.

Senator Robertson: Senator Murray would have to answer some of those questions. I never asked who paid whom—I have no idea; but I can tell you that the drafting was done on the instruction of our caucus.

Senator Grafstein: The caucus is an amorphous organization. Who in the caucus instructed that work to be done on behalf, I assume, of the Senate?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know how these things are done by my friends opposite—

Senator Olson: No one has ever seen it done this way before.

Senator Murray: The Conservative caucus has had a committee, under Senator Robertson's chairmanship, working on rules since after Christmas. That is, I think, pretty well known to everyone on this side. I am not aware that there is any expense involved in any of this. I did not attend a single meeting of the committee. The committee met, and from time to time, reported to our caucus.

With regard to whether members of my staff, in particular legislative assistants and the like, assisted the caucus committee, I would certainly hope so.

Senator Grafstein: Just on the cost factor, there was a press kit prepared. Who paid for that press kit?

Senator Robertson: The press kit was prepared by a communications group and the bill would be sent to our caucus. I do not get involved in paying those bills. I do not know.

Senator Grafstein: I personally have no quarrel with the caucus paying for research, but, in the explanation given by the honourable senator to Senator Kelly, it was implied that the work done in calling this press conference was done at the behest of the committee,. All I am asking is whether the committee in fact, under its budget, paid for the press kit or whether it was paid for by another source, because I assume that he who pays the piper calls the tune.

Senator Robertson: It was not paid for by the committee. Those people work for our caucus, for heaven's sake.

Senator Grafstein: Is the honourable senator advising us that a document was set out, really not on behalf of the committee but at the behest of the Conservative caucus?

Senator Barootes: It certainly was not the Red Leaf organization that paid for it. You know something about that.

Senator Grafstein: If, in fact, the material was prepared on behalf of or for the committee, did the committee pay for that material or was it paid for by the caucus? I assume that if it is material for the benefit of the committee it should be at the cost of the committee. You are telling us that it is at the cost of the Conservative caucus and therefore it is not for the benefit of the committee.

Senator Robertson: On that point, Senator, the caucus wanted its own public relations people working on this issue because they felt it was so very important. After the committee, they had nothing to do with the books, but the press material would be prepared by the public relations people whom our caucus members wanted. There is nothing wrong with that; you people do it all the time, for heaven's sake, or I would assume you do.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-15, to provide for certain matters respecting official languages, employees' pensions and labour relations in connection with the transfer of certain airports.

Bill read first time.

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Thursday next, June 13, 1991.

● (1430)

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, while it is still possible for the citizens of this country to address petitions to the Senate, I have the honour to present petitions that read as follows—and they are in the same form as those I previously presented. These petitions are, as I said before, against the imposition of the iniquitous GST tax, a petition by these citizens to withdraw or repeal that tax and have an election immediately.

In this case the first batch, honourable senators, are from Quebec. There are 12 petitions coming from—and I am obliged to my colleagues who are able to help me with the pronunciation of some of these place names that I am not familiar with—Chibocamea, Amos, Lac Simon, Val D'Or, Waswanipi, Senneterre, Victoriaville, Rochebeaucourt, Roxton Pond, Cap Madeline, St. Zacharie, St. Come, St. Georges, Rouyn-Noranda, Levis, Stoneham, Bellechasse, St. Charles, Beaumont, Sherbrooke, Evain, Duparquet. The names in this group total 242, including three that were on the Ontario list that I will also present.

From Ontario today I have five petitions from Kirkland Lake, Kapuskasing and Sesekinika. The names total 108. Of the whole number presented today, petitions total 17; names total 350.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have some petitions I would like to present (if that is still possible!). These petitions are signed by 113 Quebec citizens who are, of course, opposed to the Goods and Services Tax.

The petitions are mostly from Victoriaville, Wickham, La Salle, St-Côme, and St-Zacharie.

[*English*]

Hon. Gildas L. Molgat: Honourable senators, I, too, have a number of petitions that I should like to present at this time. I should like to tell Senator Kelly, who showed some interest in this matter last fall, that they are in order and are properly worded. They are humbly praying to the Senate. You can rest assured, Senator Kelly, that they are in order.

The first group I have are some 600 names, largely from the province of Ontario. I have another 295 that came separately. These are mainly from the western part of Ontario, from Brampton and Grand Bend. A further 43 petitions also came separately.

I have a bundle here of approximately 3,000, also from the province of Ontario.

From various areas in my own province of Manitoba, I have some 800 names. I have a group from St. Boniface constituency and others from assorted areas such as Minnedosa, Neepawa, Brandon, Eden, Fork River, Polonia, Mountain Road, Deloraine and Medora. As I say, the petitions are from various parts of the province of Manitoba and all of them, unanimously, are opposed to the GST.

Hon. M. Lorne Bonnell: Honourable senators, since, it seems to me, there is a fear that the people might not be able to petition their parliamentarians for further change in the future, I wish to present five different petitions from the province of Nova Scotia, from places such as Aylesford, Auburn, Middleton, and Kingston, with 25 names of those who wish to stop the GST.

I also have another petition containing 25 names from the Province of Nova Scotia, from Wolfville, Greenwood, Auburn, Middleton and other places. These petitioners have signed their names to protest the GST.

I have another petition from Nova Scotia, with signatures of residents of Kingston, Berwick, Aylesford and Mt. Densar, and many others.

I have another petition containing 25 signatures from residents of Wolfville, Berwick, Weston and Kingston, Nova Scotia, and Fredericton, New Brunswick.

I lay these petitions upon the Table and hope that the citizens of Canada will always have the right to petition the Parliament of Canada for justice and equality.

● (1440)

STANDING RULES AND ORDERS

FIRST REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Brenda M. Robertson: Honourable senators, I have the honour to present the first report of the Standing Committee on Standing Rules and Orders concerning amendments to the rules of the Senate.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day and form part of the permanent records of this house.

A Clerk at the Table:

Tuesday, June 11, 1991

The Standing Committee on Standing Rules and Orders has the honour to present its

FIRST REPORT

Pursuant to Rule 67(1)(*f*) of the *Rules of the Senate of Canada*, your Committee makes the following recommendations:

1. That Rules 1, 4, 5, 6, 7 and 8 be deleted and the following substituted therefor:

Some Hon. Senators: Dispense.

[Senator Molgat.]

Senator Corbin: No.

A Clerk at the Table:

UNPROVIDED CASES

"1.(1) In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada shall, *mutatis mutandis*, be followed in the Senate or in any committee thereof.

(2) The *Rules of the Senate* shall in all cases be interpreted as having priority over any practice, custom or usage described in any of the appendices to the Rules. Any conflict between the appendices and the Rules shall be resolved by reference to the Rules alone.

INTERPRETATION

4. In these rules, unless the context otherwise requires,

(1) "bill" means a draft Act of Parliament and includes a private and a public bill;

(2) "committee" means a committee of the whole, a select committee, whether standing, special or legislative, or a joint committee;

(3) "Committee of the Whole" means a committee composed of the whole body of the Senators;

(4) "Government Leader in the Senate" means the Senator occupying the recognized position of Leader of the Government in the Senate or a Senator acting for that Senator;

(5) "Leader of the Opposition" means the Senator occupying the recognized position of Leader of the Opposition in the Senate or a Senator acting for that Senator;

(6) "Deputy Leader of the Government in the Senate" and "Deputy Leader of the Opposition in the Senate" mean the Senators occupying, respectively, the recognized positions of Deputy Leader of the Government in the Senate and Deputy Leader of the Opposition in the Senate;

Senator Simard: Dispense.

Senator Olson: No.

A Clerk at the Table:

(7) "intermediate proceeding" means any item which would be recorded in the *Journals of the Senate;*

(8) "inquiry" means the procedure whereby a Senator, after giving notice in accordance with Rules 43 and 44, calls the attention of the Senate to a particular matter for the purpose of informing the Senate of that matter or having it considered or examined by the Senate;

(9) "joint committee" means a committee composed of members of the Senate and of the House of Commons;

(10) "leave of the Senate" means leave granted without a dissenting voice;

(11) "meeting of the Senate" means the times set out in these rules, or as otherwise ordered, for the Senate to meet for the transaction of business;

(12) "person authorized to be on the floor of the Senate Chamber while the Senate is sitting" means any person so authorized by order of the Senate, Act of Parliament, delegated legislative authority or by custom and practice of the Senate;

(13) "motion" means a proposal made by a Senator that the Senate or a committee thereof do something, order something to be done, or express an opinion concerning some matter;

(14) "one day's notice" means a notice given on any sitting day for a motion or inquiry to be made on the next succeeding sitting day;

(15) "ordered by the Senate" or any expression of like import means ordered by majority decision;

(16) "ordinary daily hour of adjournment" means the time provided in these rules, or as otherwise provided by order of the Senate, for the adjournment of the Senate;

(17) "person" or any word or expression descriptive of a person, includes any body corporate or politic, and the heirs, executors, administrators or legal representative of such person, and words importing male or female persons include persons of either gender;

(18) "petition" means a written prayer presented to the Senate, and includes all petitions—

[*Translation*]

Hon. Eymard Corbin: Honourable senators, I just received a copy of the first report of the committee. Accordingly, I am ready to dispense with the reading of the report, but it is only a personal position.

Hon. Solange Chaput-Rolland: How generous of you, honourable senator.

Senator Corbin: It is generous, but I cannot tolerate that a report be tabled before I officially receive a copy of the report. Those are the sound rules of parliamentary proceedings in Ottawa, honourable senators.

[*English*]

The Hon. the Speaker: Do honourable senators wish to dispense with the reading of the report?

Hon. Senators: Agreed.

(*For text of report, see Appendix "A", p. 133.*)

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

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

SECOND REPORT OF COMMITTEE TABLED

Hon. Brenda M. Robertson, Chairman of the Standing Committee on Standing Rules and Orders, tabled the committee's report concerning the expenses incurred by the committee during the second session of the Thirty-Fourth Parliament.

Tuesday, June 11, 1991

The Standing Committee on Standing Rules and Orders, which is authorized, pursuant to Rule 67(1)(f), to propose amendments to the *Rules of the Senate*, pursuant to Rule 84, that the expenses incurred by the Committee during the Second Session of the Thirty-Fourth Parliament are as follows:

Professional and Other Services	$205.75
Other Expenditures	$391.25
	$597.00

Respectfully submitted,

BRENDA M. ROBERTSON
Chairman

Hon. M. Lorne Bonnell: Honourable senators, I wonder if those expenses listed in the second report were expenses with respect to the first report, or whether they have something to do with the last session.

Senator Robertson: Honourable senators, it is required in the rules of that committee that we table the expenses of the committee for the previous year. Those expenses are for last year.

Senator Murray: In other words, Senator Molgat's committee.

Report tabled.

[*Translation*]

THE ESTIMATES, 1991-92

FIRST REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Roch Bolduc: Honourable senators, I have the honour to present the first report of the Standing Committee on National Finance concerning Supplementary Estimates (A) for the fiscal year ending March 31, 1992.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report, see Appendix "B", p. 169.*)

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

Senator Bolduc: Honourable senators, I move that the report be place on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

• (1450)

THE ESTIMATES, 1991-92

NOTICE OF MOTION TO AUTHORIZE THE NATIONAL FINANCE COMMITTEE TO MAKE STUDY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow, Wednesday, June 12, I will move:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Main Estimates for the fiscal year ending the 31st March, 1992; and

That the papers and evidence received and taken on the subject during the Second Session of the Thirty-Fourth Parliament be referred to the Committee.

QUESTION PERIOD

STANDING COMMITTEE ON STANDING RULES AND ORDERS

ABSENCE OF CHAIRMAN FROM CHAMBER

Hon. Gildas L. Molgat: Honourable senators, I have questions I wish to address to the chairman of the Rules Committee in light of the very important document that was tabled. I hope that we can prevail upon her to return to the Senate. Perhaps, while we await her return, we may ask questions on some other subjects.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question, but how will we know whether Senator Robertson is prepared to come and answer questions, as provided for in the rules? I suppose there is no way of knowing whether or not she will come. Can the Leader of the Government tell us? Has she been called away at this rather important moment in her parliamentary career?

Senator Roblin: We can get her.

Senator Frith: Good, Senator Roblin has said that they can get her.

IMMIGRATION

PHANTOM OF THE OPERA—"FAST-TRACKING FOR LEADING ACTOR

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. The background for the question is that the Toronto production of Phantom of the Opera, according to its producers, required a new lead. The producers thought that no Canadian was qualified for the role and therefore hired a Mr. Peter Karri, K-A-R-R-I. The problem that arose for him is that he is not a Canadian citizen or a landed immigrant. He is British. He was living in Britain at the time, but his application was somehow magically processed in Detroit.

Senator LeBlanc: With Allan Gotlieb's help.

Senator Frith: That is in Michigan, of course. That occurred in a matter of days. So it is an example of fast-tracking and special consideration for a person applying for status that would enable him to play a role in the Phantom of the Opera. I know that this question of fast-tracking is a sensitive one with the government at the moment, but there is no linkage, of which I am aware, between the fast-tracking for Mr. Karri and the fast-tracking for the applicant who has been more prominently in the headlines. I wonder if the leader will find out, if he can, why it was that the fast-tracking took place, resulting, of course, in line jumping for this particular applicant, and if he can give us some of the detail as to how that occurred?

Hon. Lowell Murray (Leader of the Government): I shall make inquiries, honourable senators.

EMPLOYMENT EQUITY

DATE FOR REVIEW OF ACT—GOVERMENT POLICY

Hon. Lorna Marsden: Honourable senators, on May 28 I addressed a question to the Leader of the Government concerning employment equity and the clause for review, which is section 13(1) of the act respecting employment equity. I am grateful to the Leader of the Government for responding so quickly on May 30. The response raises another question, however. In his response the Leader of the Government said that the government intends to have a special order of reference for C-62 at the beginning of the session in September, and that there will be no deadline for the committee to report back its findings. Section 13(1) of the Employment Equity Act requires that such a committee be struck by August 13 next.

Has the Leader of the Government any explanation of why the government would violate its own legislation in this regard?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I assume that this matter has been the subject of discussions among the house leaders in the other place and that the decision has been reached to proceed in September rather than August because the House of Commons is not expected to be sitting in August. However, all this is conjecture on my part, and I will try to obtain as prompt a reply to today's question as I did to the question the honourable senator asked some weeks ago.

Senator Marsden: Thank you. Honourable senators, unless I am much mistaken, however, I do not think that the house leaders in the House of Commons have the right to violate legislation.

STANDING RULES AND ORDERS

STATUS OF ATTENDANTS AT MEETING OF COMMITTEE

Hon. Gildas L. Molgat: Honourable senators, my question is addressed to the Honourable Senator Robertson in her capacity as chairman of the Standing Committee on Standing Rules and Orders. I want to thank her very much for returning to the Senate and also for the two volumes I received this morning in my office. May I, in passing, compliment the staff of the Senate for producing this voluminous material as quickly as they have.

• (1500)

On going over the document this morning I found a listing of the members of the committee who were present at the meetings. There is also mention of the other senators present, and in attendance were simply the official reporters of the Senate. Yet, as I go through the document, I find frequent references to a "Mr. Webber." Could Senator Robertson tell me who Mr. Webber is and why he appeared at this committee? He is not listed as a witness anywhere. Normally the witnesses who appear are listed.

Hon. Brenda M. Robertson: Mr. Webber, honourable senators, was one of the people who drafted the documents that you have.

On one occasion a senator—I cannot remember which one—asked if Mr. Webber would explain a particular point. I, being the chairman, perhaps should not have allowed that, and if that is the case, I would apologize. However, Mr. Webber, with the approval of the other members, was asked to explain something, and that is how his comments got into the record. I should not have allowed that intervention and I would apologize to honourable senators. However, I am new at this and I shall learn.

Senator Molgat: I thank the honourable senator for her response, but I, unfortunately, have to correct her, because, while I have not gone through every page of the minutes, I have found at least three occasions when Mr. Webber intervened in the discussion. He intervened at page 1:50; he made some further comments on page 1:56; and at the top of page 1:68 he had some very extensive comments to make. Senator Robertson tells me that on one occasion he made a comment; yet there are at least three occasions, and perhaps more.

Senator Robertson: Perhaps I phrased it incorrectly. Those interventions were related to one rule. I do not have a copy of the transcript of the proceedings that Senator Molgat has, but it seems to me that at one point the intervention related to one particularly difficult rule. I did not notice another intervention but I do remember one. I believe there was trouble with the wording.

Senator Molgat: I have not had an opportunity to read the interventions in detail, but they do not appear to be related one to the other. They appear at separate places in the minutes.

In any case, could the honourable senator tell me: In whose employ is Mr. Webber? Who pays him?

Senator Robertson: Mr. Webber was in the employ of Senator Murray.

Senator Barootes: The office of the leader.

Senator Molgat: Is he paid out of Senator Murray's funds?

Senator Robertson: I do not know.

Hon. Lowell Murray (Leader of the Government): Honourable senators, some months ago I borrowed Mr. Webber from somewhere in the government. I believe it may have been the Department of Communications. In any case, he works for the government. In one of those arrangements that are made among departments and between ministers, he has been seconded to me since last fall.

Senator Molgat: In other words, Mr. Webber has been sent to us from the outside and is now the expert on what ought to be the rules of the Senate. Is that the conclusion I must draw?

Senator Murray: Briefly stated, honourable senators, Mr. Webber works for me. Mr. Webber has had some experience, in particular in the other place working on procedural matters and rules, which is why, some months ago, I successfully arranged to have him seconded to my staff.

Senator Molgat: That makes the matter much clearer. It is not that he has just come from the outside; he has specifically come from the other place to tell us what it is that our rules ought to be. That improves things very substantially. We are now getting a clearer picture.

PREPARATION OF NEW RULES—PROCESS OF CONSULTATION

Hon. Gildas L. Molgat: Can Senator Robertson tell me whether, in the process leading up to this preparation of the new rules, the Clerk of the Senate was consulted? Was he part of the process?

Hon. Brenda M. Robertson: Leading up to the committee hearings, the Clerk of the Senate was not consulted.

Senator Molgat: The Clerk of the Senate, who is responsible for the rules, was never consulted. Was the Clerk Assistant of the Senate consulted?

Senator Robertson: No, no officers of the Table were consulted. The initiative came totally from the government caucus. It was generated by the frustrations many caucus members felt, and still feel, about the inefficiencies that one experiences in this chamber on a regular basis. No one else was involved except our own caucus members and staff who were chosen by us. That did not include anyone attached to the Senate.

Senator Molgat: Neither the Clerk, the Assistant Clerk, nor any of the Table officers—the people who know about the rules and who have been working with the rules over the years—were consulted. I am glad for them, because at least it takes them off the hook.

Could Senator Robertson tell us who else was consulted? We now know that Mr. Webber was one person who was

consulted, but were there consultations with the House of Commons?

Senator Robertson: No, honourable senator. The government caucus had absolutely no contact with the House of Commons.

Senator Frith: When Senator Barootes is telling his neighbour how to answer a question, he should know to put his hand over the microphone.

Senator Barootes: You should put yours over your mouth.

Senator Frith: I understand, from looking at this package of rules, that you would like a plaster put over the mouth of anyone who opposes you.

Senator Robertson: The initiative, honourable senator, was totally the initiative of the government caucus.

Senator Molgat: Am I correct that members of the Conservative caucus in the Senate were the only ones involved in this?

Hon. Duff Roblin: Honourable senators, I am a member of the Conservative caucus and I do not wish to have the proceedings of that body discussed in this house.

Some Hon. Senators: Hear, hear.

Senator Molgat: I am asking a question of Senator Robertson.

Senator Roblin: I am not going to stand here and have the proceedings of my caucus discussed.

Senator Molgat: I did not ask Senator Roblin a single question. Would he please sit down?

Senator Roblin and I have sat across this floor from one another long enough that he cannot intimidate me. We have had many dealings with him in Manitoba, and the poor people of Manitoba are still suffering. He should mind his own affairs. I am asking Senator Robertson a question.

Senator Roblin: I have been more right than you have.

Senator Molgat: I am asking Senator Robertson a question. If Senator Roblin were chairman of the committee, then he should join in.

It is my understanding that there was no consultation with cabinet ministers on this matter or with staff of cabinet ministers.

Senator Murray: I am a cabinet minister.

Hon. Royce Frith (Deputy Leader of the Opposition): I have a supplementary on this line. I remember Mr. Webber. He was very active during the negotiations on the provisional rules. Is that the same Mr. Webber?

Senator Murray: Yes.

Senator Frith: I remember that when we were negotiating he would have to check everything. Did he draft these rules? Was he the main drafter of these rules?

Senator Murray: That is a caucus matter.

[Senator Molgat.]

Senator Frith: If you refuse to answer, then that is fine. As I understand it, this document came fully born into the Rules committee from the Conservative caucus; is that right?

An Hon. Senator: Yes.

Senator Robertson: I would not say that it came "fully born" but, certainly, the principles had been well enunciated by our caucus members. The rules were drafted to reflect those principles that they wanted. There were some changes at the committee, as you will note from both the transcript of the hearings and the final document. We came very openly to the committee, hoping to have recommendations and suggestions. I must say that Senator Molson was very helpful, with his broad experience.

• (1510)

Senator Frith: I am sure he was.

Senator LeBlanc: As he was during the GST debate.

Senator Barootes: He was a former chairman.

Senator Robertson: As Senator Barootes reminds me, he was a former chairman of the Rules committee. Senator Frith, as to your questions, I cannot remember them all.

Senator Frith: That is all right. I just wanted to understand—

Hon. Jean-Maurice Simard: Senator Frith, could you, on behalf of your colleagues, explain to us and to Canadians why the Liberals have chosen to boycott the work of that committee? Is this a continuation of the policy established on September 28 last year, which has been the norm ever since?

Senator Frith: Just be patient.

Senator Simard: Are you continuing the boycott?

Senator Frith: Just be patient. Later this day you will hear something about this concept that you have invented about boycotting.

Senator Simard: Is it the same boycott?

Senator Frith: Senator Robertson, I was asking you about the presentation that was made to this committee, which is the package that has now become a report of the committee. I am not being argumentative; I want to be sure that I understand. Was this package, born in the Conservative caucus, the result of a committee of that caucus that drafted the changes, with some help, I take it, from Mr. Webber, and perhaps others, in considering amendments to the rules and presenting suggestions to the Rules committee? Did the committee ever investigate previous methods for amending the rules in the Canadian Parliament? How has it been done in the past? Was there any precedent for amendments to the rules being done by presenting the full package from one caucus? Does she know of any?

Senator Simard: Why is that so important?

Senator Robertson: Are you asking me if the caucus was aware of previous amendments to the Senate rules?

Senator Frith: No. What I was thinking of in particular was this: When very substantial amendments have been made to

the rules in the other place, and I believe also in other legislatures, it has usually been the result of all-party conferences, at least at the beginning, and not the presentation of a full package from one caucus. However, perhaps there are other precedents, and I just wondered if she knew of any.

Senator Robertson: No. I have not explored any precedents in that regard, senator.

Senator Frith: All right. That is the answer.

Senator Robertson: It certainly would have been nice to have had such a spirit of cooperation and friendliness in this chamber. It seems that over the last few years it has been missing. As far as the committee goes, it is open and meetings are public. I do wish that some of the opposition members had come to the committee.

Senator Frith: Did you invite us to your caucus? I don't remember that.

Senator Robertson: No, not to caucus. I think that would have been a bit difficult.

Senator Murray: You were elected vice-chairman of the committee.

Senator Frith: Thank you.

Senator Robertson: I am sorry you chose not to come to the meetings, Mr. Vice-Chairman. I think you would have found them most interesting. However, that was your choice.

Senator Frith: It was not. It was yours. You know how absurd that whole process was.

Hon. Roméo LeBlanc: Honourable senators, I would like to ask the Chairman of the Committee a question. The Leader of the Government in the Senate said that Mr. Webber was seconded to him by ministerial arrangement, and that is known to happen. I would like to know if the salary paid to Mr. Webber was paid from the budget of the Leader of the Government in the Senate, or if, as a courtesy, Mr. Webber continues to be paid by his department. It happens sometimes, when someone is on loan to another cabinet minister as an assistant in his office, that the department continues to carry the salary. I want to know who paid Mr. Webber and from what budget.

Senator Robertson: I wish I could answer that, honourable senators, but I cannot. What goes on in our caucus, of course, is confidential, as are caucus activities in the Liberal caucus. Perhaps Senator Murray can add some light to that, but I certainly cannot contribute any information from the caucus.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to confirm what the arrangement is. There are various ways, as the honourable senator has indicated, in which this is done. Sometimes the donor department continues to pay the salary of the person in question, but then there is an equal bookkeeping transfer of some sort from the recipient department. Sometimes the recipient department pays. I do not know exactly what the arrangement was in this case, but I shall make inquiries.

Senator LeBlanc: I think that is very important, especially in light of the statement Senator Robertson has just made indicating that what goes on in the Tory caucus is the business of the Tory caucus—with which I agree. In fact, I prefer not to know what goes on in the Tory caucus.

Senator Frith: Especially if this is an example.

Senator LeBlanc: But I think it is very important. In fact, if there is an agreement in writing, I would like Senator Murray to table it, because if the gentleman is paid by his previous department and has been acting as a consultant to the Tory caucus, then I think that is a much bigger issue than we are facing now.

Senator Murray: Well, honourable senators, the person in question was seconded to my office, the office of the Leader of the Government in the Senate, to provide assistance in respect of legislative matters. My honourable friend is well aware of what are the duties of legislative assistants, whether they are legislative assistants to a minister or to the Leader of the Opposition. They must, and they do, conduct with the caucus considerable liaison on behalf of the leader or the minister, and give advice. No one who has any experience around here would suggest it is otherwise.

Senator LeBlanc: On the contrary, I would suggest that if an official of the government is seconded to a minister's office and is asked to undertake what are visibly and clearly political operations of the type described by Senator Robertson, then that would be a departure from tradition. Certainly, Senator Murray would not want us to applaud the fact that one of his assistants acted as a party hack for his caucus if he was being paid by the department which lent him by arrangement with another minister.

Senator Murray: Honourable senators, the services that the person in question provided to me and to my office, and, on my behalf, to the caucus, are the services that legislative assistants and procedural experts normally provide. To refer to it as partisan work, or to refer to the person as a party hack, is truly a gross exaggeration. The assistance which he gave to me, and through me to my colleagues in the government caucus, as a procedural expert, was purely technical. There is nothing partisan about it.

THE SENATE

LEADER OF THE GOVERNMENT—DISTINCTION BETWEEN ROLE AS MINISTER OF CROWN AND ROLE AS LEADER OF CAUCUS

Hon. John B. Stewart: Honourable senators, may I ask Senator Murray a question? Does the honourable senator recognize a distinction between the work of his office as Leader of the Government in the Senate, on the one hand, and the work of the Conservative caucus, on the other hand, or are those two operations so completely melded that it is impossible for him to make a distinction as between them?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the situation is, I think, the same as obtains

between the office of the Leader of the Opposition, an office which is funded by public funds, and the Opposition caucus.

Senator Stewart: But there is a distinction between a minister of the Crown, on the one hand, and an officer of the Senate on the other hand. Senator MacEachen is not a minister of the Crown. He is Leader of the Opposition in the Senate and, as such, certain sums of money are made available to him to perform his duties. I am relying upon what Senator Murray has told us about employees of the Government of Canada placed at the service of a minister of the Crown, and I am asking the senator if he distinguishes between work done on behalf of himself as a Minister of the Crown, on the one hand, and the work of the Conservative caucus, on the other hand?

Senator Murray: Well, honourable senators, I frankly have not given the question very much thought. My establishment across the way consists of people who are paid by the Senate.

Senator Stewart: All of them?

Senator Murray: Well, just a moment. The Leader of the Government in the Senate need not be a minister of the Crown.

Senator Stewart: Yes. I understand that.

• (1520)

Senator Murray: I believe some part of my staff is paid for by the Senate and some other part is paid for by the the Privy Council vote. In any case, it is all public funds and I must say that when I get up in the morning and come to the office, I do not try to bifurcate myself, as Mr. Diefenbaker used to say.

There is nothing sinister or mysterious about what I do, or indeed in what my staff does. They are not in the employ of the Progressive Conservative party. Most of them are part of my ministerial staff or my staff as Leader of the Government in the Senate. They naturally provide liaison with other ministers, with departments of government and public servants, and of course with the Conservative caucus of which I am the leader.

In the case of Mr. Webber, far from giving political advice or providing political services, the expertise that he brought to my staff, and therefore through me to the government caucus, was of a purely technical nature.

STANDING RULES AND ORDERS

PREPARATION OF NEW RULES—PROCESS OF CONSULTATION

Hon. Gildas L. Molgat: Honourable senators, in my earlier questioning of Senator Robertson, she advised that none of the present table officers were consulted. There are a number of previous table officers who have served in the Senate and who are still around—ex-clerks and various others—who have much experience in Senate rules. Were any of these persons consulted?

Hon. Royce Frith (Deputy Leader of the Opposition): Any senator can consult them.

[Senator Murray.]

Hon. Brenda M. Robertson: To my knowledge, no, senator. You mean, people who have worked at the table here? To my knowledge, the answer is no. I certainly did not have an opportunity to talk with them.

Senator Frith: You had an opportunity or did not have an opportunity? Was it because you did not have the opportunity?

Senator Molgat: Were there other outside people who were consulted?

Senator Robertson: I can only speak for the Senate caucus and my own activities, and to my knowledge, the answer is no.

Senator Molgat: No one else was retained, then? Mr. Webber is the person exclusively involved in the drafting of these rules with the Conservative caucus. So it is Mr. Webber and the Conservative caucus?

Senator Robertson: Just a moment now. You were asking me about people who had served here at the table.

Senator Molgat: First of all, I asked whether previous table officers were consulted, people who are no longer in the employ of the Senate, but who are still around and who have experience with Senate rules. I believe you said "no" to that. Then I asked were there other people from the outside retained or consulted.

Senator Murray: This really is a caucus matter.

Senator Molgat: Are we to conclude that only Mr. Webber and the Conservative caucus drafted these rules? If that is the conclusion we are to draw from the answers, then that is very well.

Hon. Joyce Fairbairn: Honourable senators, may I have some clarification on comments that were made earlier? I do not want to probe into the workings of the Conservative caucus, but I have a concern about what appears to be a blur between where the caucus ended and where the committee began. I believe Senator Robertson indicated that she would get for Senator Molgat—

Senator Bonnell: For all senators.

Senator Fairbairn: —the notices that were sent out. Would that include the information notice that was sent out and which has been referred to by Senator Kelly? This Notice of Meeting is on a Senate of Canada letterhead, and at the bottom of it are noted the names of Maureen Conway and Louis Lavoie.

It gave notice that the Senate committee would be tabling the new rules. There was to be a presentation of them, followed immediately by a question period. It then states that "all print and electronic media are welcome to attend and record the proceedings". Presumably it was this notice that accompanied the communications package that contained a background of the rules of operation of the Senate and questions and answers resulting from the proposed rules. Also contained therein was some rationale as to why there were not any opposition members.

The Senate committee received a detailed presentation by my friend, Senator Barootes, in both official languages. There were presumably overhead slides because there was a screen there. However, my concern is that other senators clearly did not have any of this information available to them, nor the background material that was made available to the press.

My question to Senator Robertson is, were these public relations people purely doing a job for the Conservative caucus, which is fine, or did this spill over to the committee? I certainly did not have all of the information that the press did. I find this very difficult to understand, especially since the changing of the rules of this chamber is an issue of such widespread importance. I am concerned as well that a precedent is being set for other committees.

Senator Robertson: I believe, honourable senator, that I responded to an earlier question that the public relations people were serving the Conservative caucus. They had nothing to do with the committee per sé. They were working for the Conservative caucus and were retained by the Conservative caucus. They were not retained by the committee. I assume that you have had press people retained by your Liberal caucus from time to time with regard to various issues over the years.

Senator Cools: Never like this.

Senator Robertson: These people were not retained by the committee, and the information that was sent out was public information when it was sent out because the tabling of all the documents—

Senator Frith: I thought you told us caucus information is not public.

Senator Robertson: That is not the information I am speaking of, if you would listen more carefully, senator.

Senator Frith: But it was caucus publicity people that were giving public information on something that was not public.

Senator Robertson: Yes, on something that was public.

Senator Frith: So that was caucus information that was public?

Senator Robertson: Yes. It was all tabled at the beginning of the committee hearings. Subsequently, that information was sent to your leadership.

Senator Frith: She is not listening to what she is saying.

MEETING OF COMMITTEE—PRESENCE OF MEDIA

Hon. Joyce Fairbairn: Further to that, was it agreed well in advance of when the committee met that there would be, as this notice indicates, an open period during the committee meeting whereby committee members and the press could ask questions and record the proceedings? This is certainly not in accordance with the rules under which committees generally operate unless they have a special mandate to do so.

• (1530)

Hon. Brenda M. Robertson: I do not understand "record the proceedings." It was a public meeting, so I suppose they could take down whatever they wanted to take down when the press is there.

Senator Fairbairn: But it has "print and electronic media", and "to attend and record the proceedings."

Senator Robertson: There were television crews there at first, but we asked them to leave before the committee started its work because there was no permission for television crews to be there. I do not know who invited them. They obviously received the press notice. There is nothing wrong with a press release. If the Conservative caucus wants to issue a press release, it can darn well do so.

PREPARATION OF NEW RULES—PROCESS OF CONSULTATION

Hon. Roméo LeBlanc: Is Senator Robertson telling us that a document, which was prepared by a group of consultants, as she calls them, magically became the property of the committee?

Hon. Brenda M. Robertson: Yes.

Senator LeBlanc: In other words, the Conservative caucus and the Committee on Rules apparently have become meshed in one person? That would be a strange meeting of the committee.

Senator Robertson: No, that is entirely incorrect.

Senator LeBlanc: But did these consultants contribute to the Rules committee as a charity, like the United Way?

Senator Robertson: No, of course not.

Senator LeBlanc: Does Senator Robertson know that there is a provision under the existing rules that, if a committee wants to hire consultants to prepare a document of that type, either the vice-chairman or the chairman of Internal Economy can authorize that to be done?

Senator Robertson: Yes.

Senator LeBlanc: Why would they want to beg from some consultants?

Senator Robertson: Of course I know that, and, at some point, if the committee decides to have its own public relations people, then fine and dandy; but these people have nothing to do with the committee. They are totally the responsibility of the Conservative caucus.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I think I understand now. Are Maureen Conway and Louis Lavoie the publicity people?

Senator Robertson: Yes.

Senator Frith: And they are hired by the caucus?

Senator Robertson: Yes.

Senator Frith: And they were paid for by the caucus and it was the caucus that invited the press; is that right?

Senator Robertson: It was a public meeting.

Senator Frith: It was the caucus, and, as you say, it is entitled to invite someone for a presentation. The difficulty with that position is that the document is as follows:

THE SENATE OF CANADA
LE SÉNAT DU CANADA
NOTICE OF MEETING
CONVOCATION

The Senate Committee on Standing Rules and Orders—

—not the Conservative caucus—

—invites you to a presentation on the tabling of the new rules for the Senate.

We are not told that these are the Conservative caucus's suggestions for the new rules. No, "it invites you to a presentation on the tabling of the new rules for the Senate" on Tuesday, June 4, 1991, at 2:00 pm, in Room 356-S Centre Block. I am still reading from a document, not on the heading of the Conservative caucus but of the Senate of Canada committee on Standing Rules and Orders about "the new rules for the Senate." It says:

A question period will follow immediately after the presentation.

All print and electronic media are welcome to attend and record the proceedings.

Not "the proceedings of the Conservative caucus", not "the presentation", but under the heading of the Rules committee of the Senate of Canada. It continues:

For further information please contact: Pour plus de renseignements, communiquer avec:

Who—someone acting for the Senate of Canada? Someone acting for the Standing Rules and Orders committee? No, the famous publicity people.

So is the senator, who said there seems to be a merging of the two, mistaken? Senator Robertson has to make up her mind which it was, and I think she has. At least she has told us it was both. It was the Senate Conservative caucus publicity people, Maureen Conway and Louis Lavoie, who, she said, invited the media to the presentation of the new rules for the Senate—not proposed, not suggested, not draft the new rules; and they invited them, on Senate letterhead, under the auspices of the Rules and Orders committee.

It is clear now, but I do not think Senator Robertson is very clear. She was trying to communicate the impression that it was all done by the Conservative caucus. All of the people about whom she was talking are apparently Senate Conservative caucus, but it is on letterhead of the committee.

There was a reference there to a note: "Re: Opposition Committee Members." This was attached to a statement entitled "Senate Rules Committee, Schedule of Meetings."

All meetings of the Senate Rules Committee will be held in Room 356-S Centre Block and are open to the public.

Then it sets Tuesday, June 4. We know about that. That is the presentation, which is an overview. Now they talk about the proposed groups, not in the other invitation. It then lists the various dates and the government members. Then it says, "Opposition Members, 6". I should just say, "Committee Membership;" then "Chair, Senator Robertson."

Do you recognize from what I am reading, Senator Robertson?

Senator Robertson: I have not seen that.

Senator Frith: Oh, some official put it out?

Senator Robertson: No, the public relations people put that out on behalf of the Conservative caucus. I am sorry, I have not seen it. I would like a copy. I have not seen it. I honestly have not seen a copy.

Senator Frith: Senator Robertson says this was put out by the Conway/Lavoie publicity people, but it does not say that. She said they put it out for the Senate Conservative caucus, but that is not what it says. It says the Senate Rules committee.

Senator Robertson: I have to have a copy of it, Senator, but it seems to me they are inviting the press to the committee.

Senator Frith: I have already dealt with the invitation. The invitation to the press is clearly not from the Conservative caucus. It is from the Senate Rules committee. It is very clear. There it is. I cannot believe that you never saw it if you are the chairman of the committee.

Senator Robertson: I have not seen it. I was not personally involved. Perhaps I should have been, but I was not personally involved in the distribution of information by those people employed by the caucus.

Senator Frith: Then who distributed it? The publicity people distributed it?

Senator Robertson: Yes.

Senator Frith: But they distributed it on behalf of a committee of which you are chairman, a Senate committee. Now you are disowning Conway and Lavoie, are you?

Senator Robertson: Not at all.

Senator Frith: Are you telling us that Conway and Lavoie went off on some frolic of their own and issued this notice of a committee of which you are chairman and you did not know about it?

Senator Robertson: What is your point?

Senator Frith: Were you surprised to see the press there? You did not even know they had been invited?

Senator Robertson: Our committee of caucus instructed our publicity people to make sure the press were invited, because that committee had always been closed to the press and we wanted transparency; so we told them to make sure the press were invited.

Senator Frith: I see. It was all done by your caucus.

Senator Robertson: Yes.

Senator Frith: Of which you were the chairman of the committee on rules.

Senator Robertson: Yes.

Senator Frith: But did they tell you they were going to do it?

Senator Robertson: They did it at the instruction of the caucus committee. They were told to advise the press.

Senator Frith: Of which you were chairman?

Senator Robertson: Certainly.

Senator Frith: They were instructed—

Senator Robertson: What is your point?

Senator Frith: I take it that you and your caucus instructed your publicity people, to use your expression, to issue an invitation to the press, on the letterhead of the Senate of Canada—

Senator Robertson: Not on the letterhead—

Senator Frith: Oh, they made that mistake, did they? Here are the officials being blamed again. Nobody makes mistakes. It was only the officials—

Senator Robertson: Come off it!

Senator Frith: You come off it! Are you asking to us believe that you did not know about this invitation, on Senate of Canada letterhead, of a notice of meeting stating:

> The Senate Committee on Standing Rules and Orders invites you to a presentation on the tabling of the new rules for the Senate.

It indicates where it was to take place and says:

> A question period will follow immediately after the presentation.
>
> All print and electronic media are welcome to attend and record the proceedings.

And you did not know about that?

Senator Robertson: Are you doubting my word, Senator? I did not read the notice that was sent out to the press.

Senator Frith: Why?

Senator Robertson: I do not know why. I was busy. I did not read it. I was not involved. That is their business. Perhaps I should have. I did not read the notice sent out by the public relations people.

• (1540)

Senator Frith: Are you saying that the public—

Senator Robertson: I want a copy of it, please.

Senator Frith: You did not read what was sent out by the public relations people, remembering that "public relations people" means public relations people for the caucus not for the committee—and that has been clearly established. It has been denied that they had anything to do with the committee. But they sent this thing out; and you are the chairman, but you did nothing about it.

All right, that is your answer.

Senator Robertson: Senator Frith, I knew that they were going to advise them, but I did not see the copy of the notice of advisement.

Senator Frith: Did you tell them to send it out on behalf of the Conservative caucus?

Senator Robertson: No.

Senator Frith: Did you tell them to send it out on behalf of the Senate committee on Rules and Orders?

Senator Robertson: No.

Senator Frith: You did not. You just sent it out?

Senator Robertson: Yes.

Senator Frith: So, as far as you were concerned, you did not care whether it was sent by the Senate or the caucus; it was just the "publicity people."

Senator Barootes: Just people.

Senator Simard: Order!

Senator Frith: Yes, order indeed.

Senator Barootes: Why hire a dog and bark yourself?

Senator Frith: I see. These people, Conway and Lavoie, the publicity people, are otherwise known as the "dogs" that were hired by the Conservative caucus. I take it that Senator Barootes is saying that the committee, having hired these dogs, told them to bark any way they wanted to bark. They did not have to bark for the Conservative caucus; they did not have to bark for the Senate committee. It was up to them.

Senator Barootes: They are professionals and we let them do their job.

Senator Frith: So the chairman of the committee, of whom we are asking these questions, allowed them to go and bark any way they wanted to.

Let us have a look at what they barked. They also put out, apparently unknown to the chairman, a document saying, "Senate Rules Committee, Schedule of Meetings." I take it these were some of the notices that earlier in the questioning the chairman told us that all senators had received.

Senator Olson: And we never have.

Senator Robertson: No.

Senator Olson: No; we did not get them.

Senator Frith: Now we find—

Senator Robertson: On a point of order, honourable senators, I have all the official notices here from the Clerk and will table them whenever you want them.

Senator Frith: I see; and I take it that any notice that was sent out with your authority is among those, but this invitation to the press was not there. You did not expect the press to come.

Senator Robertson: Senator Frith, I have told you 95 times that we instructed these people to invite the press. We did not want closed meetings. We wanted transparency.

Senator Frith: I see. I can tell you that I do not know whether you achieved transparency there, but you are certainly achieving it today.

This other document—and you may not have known about it,so I will tell you about it—has your name on it. It is not just the committee's name; it is not just on the Senate of Canada letterhead; it has your name. It sets out the schedule of meetings. The heading is not Senate Conservative caucus; it is Senate Rules committee. The first one is the 2 p.m. presentation,"Overview of proposed rules."

Senator Grafstein: Who sent that out?

Senator Frith: I do not no. Apparently, I suppose, the dogs.

Senator Fairbairn: It came with the other stuff.

Senator Frith: It then goes down to Wednesday, 10 a.m. to 12 noon; 2 p.m. to 6 p.m.; 8 p.m. to 10 p.m.; Thursday, 10 a.m to 12; 2 p.m. to 6 p.m; 8 p.m. to 10 p.m.. There is then the heading of "Committee Membership: Chair, Senator B. Robertson." Did these people know that you were the chairman?

Senator Robertson: Honestly, Senator, I do not know what document you are reading from. If I had a copy of it, perhaps it would help. Time was the issue. Send copies of it over to me.

Senator Frith: Do you not have your press kit there in your official documents?

Senator Robertson: No, I don't. I have never seen the press kit. Do you believe that?

Senator Frith: No, but thanks for asking.

Senator Robertson: I am telling you that I have not seen the press kit.

Senator Frith: Let me go on to what is in here.

Senator Robertson: I have not seen the press kit.

Senator Frith: Let me tell you what it has. It has "Chair, Senator B. Robertson." It then lists the government members. It then says:

> Opposition Members: 6 not yet nominated (please see attached note)
>
> *Ex officio* Members:
>
> Senator L. Murray/Senator W. Doody Senator A. MacEachen/Senator R. Frith.
>
> Independent:
>
> Senator H. de M. Molson

Now for the note. Have you ever heard this before? This is what the note, sent out under your chairmanship, says:

> The Committee of Selection establishes the composition of all Committees of the Senate. Composed of nine members, Selection Committee membership has always reflected representation in the Senate. Given the plurality of Government members in the Senate today, Selection Committee membership should be five government members and four other members.

Senator Stanbury: Who says?

Senator Frith: This document, under the chairmanship of Senator B. Robertson.

The next paragraph reads:

[Senator Frith.]

> The Opposition refused to attend the three Selection Committee meetings held and hence, have not yet nominated any members to the Rules Committee.

Were you aware of that note?

Senator Robertson: The press kit was not delivered until after the organization committee meeting in the morning and after the steering committee had its meeting. I know that is when the press kits went out.

Senator Frith: When was it printed?

Senator Robertson: I have no idea when it was printed.

Senator Balfour: Stand up when you ask a question.

Senator Frith: I did; and you do likewise.

Senator Robertson: Senator Frith just wants to control the Senate. He wants to control everyone in it. If he is not giving directions to one person he is giving it to another. I did give instructions, Senator Frith, to the communications people to explain why there were no Liberal opposition members there. I thought that was very fair.

Hon. Allan J. MacEachen (Leader of the Opposition): Did you tell them to lie?

Senator Frith: And when they said that the Opposition refused to attend the three Selection committee meetings held, and hence have not yet nominated any members to the Rules committee, did they carry out your instructions? Is that what they were to say? That is what you told the press, according to the press. Is that what you told them? You instructed them to explain. Is that what they were instructed to say?

Senator Robertson: I would have to read it.

Senator Frith: I will read it to you again. It is only one sentence. It reads:

> The Opposition refused to attend the three Selection Committee meetings held and hence, have not yet nominated any members to the Rules Committee.

Now you say you instructed them to explain what happened.

Senator Simard: State its responsibilities?

Senator Frith: Is that what you instructed them to say?

Hon. Lowell Murray (Leader of the Government): Excuse me, senator.

Senator Frith: No I won't. No, I will not.

Senator Olson: You do not have any right to take the floor. Sit down.

Senator Frith: I am asking Senator Robertson a question. Senator Robertson, let us understand where we are.

Senator Murray: But Senator Robertson is not—

Senator Frith: I am not required to sit down when the Leader of the Government stands up.

Senator Olson: That is right.

Senator Frith: Let us understand where we are. I have the floor and I intend to keep the floor.

When I asked Senator Robertson when this was printed, her answer was, "I told them to explain why the opposition members were not there." My question then was, "When you told them to explain it, is this a correct explanation? Is this what you asked them to say?"

Senator Murray: That is a caucus document; it is not a committee document. You do not have to do that.

Senator Frith: It is a committee document. It states, "Senate Rules committee." It would be very nice to call it that. Look at that. You see how insidious this is.

Senator Olson: Yes.

Senator Frith: They have now come to believe that a document of the Senate is a document of the Conservative caucus.

Senator Olson: Of the caucus, yes.

Senator Frith: It is clearly not. It is marked with a seal and everything on it. Let us not bother with that nonsense.

Senator Simard: Come on, Perry Mason.

Senator Barootes: Sit down, Clarence Darrow.

Senator Frith: The question is, when they explained it by stating that the Opposition refused to attend the three Selection committee meetings held, and hence have not yet nominated any members to the Rules committee, was that the explanation you asked them to give?

• (1550)

Senator Robertson: Honourable senators, I really can't remember my specific directions, but before I answer any more questions—

Senator Frith: What is your explanation?

Senator Robertson: —I want copies of what you are reading from.

Senator Frith: All right, we will get copies. Someone else who has copies can send them over. We will wait.

Senator Grafstein: May I ask a supplementary question?

Senator Frith: Well, I don't know. Obviously, I have read this to Senator Robertson three times. While she's waiting for a copy, let me ask her the following.

She said she told them to explain the absence of the opposition members. What was your idea, Senator, as to the reason for the opposition committee's membership not being there? You said you told them something. What did you tell them? Can't you tell us what you told them? Have you forgotten that? If you know what you told them, you can tell me whether this is a correct explanation:

> The Opposition refused to attend the three Selection Committee meetings held and hence, have not yet nominated any members for the Rules Committee.

Senator Robertson: I do not understand your point, honourable senator, but I did not dictate a note to them. I said, "In your press kit make sure you explain why the Liberals are not there." That's all.

Senator Frith: What was the explanation; that's what I am asking you.

Senator Murray: Use your imagination.

Senator Doyle: Why weren't you there?

Senator Simard: The Liberal boycott.

Senator Frith: You asked these people to please explain, and they didn't say to you, "Well, what's the explanation?" They said, "Okay. We will go out and make up something." Don't give me that. What is the explanation?

Senator Doyle: Why don't you answer?

Senator Frith: What did you tell them?

Senator Robertson: I told you what I told them. I am not going to repeat myself.

Senator Frith: You left it to them to explain it, or did you tell them what the explanation was? They could make up anything they wanted, as far as you were concerned?

Do you agree that that is an explanation for the opposition absence?

Senator Robertson: I have not seen that.

Senator Frith: Let me read it to you:

> The Opposition refused to attend the three Selection Committee meetings held and hence, have not yet nominated any members to the Rules Committee.

Is that the explanation, as you understand it? Can't you answer that? The chairman cannot tell us her understanding of what the explanation is. ALthough she agrees that she instructed somebody—

Senator Robertson: Are you asking me to tell you why you were not at the committee? Is that what you are asking me?

Senator Olson: You knew a while ago.

Senator Frith: No, I am asking you—

Senator Robertson: I think you are.

Senator Frith: No, I'm not.

Senator Robertson: Oh, yes, you are.

Senator Frith: I tell what you I am asking you. You would love to ignore that, senator. Only 30 seconds ago, senator, you said, "I told them to explain." You did not say, "Go and ask anyone else." You said, "I told them to explain why there were no opposition members." You told them to explain.

Senator Robertson: Yes.

Senator Frith: I am asking you, what did you tell them to explain? What did you think the explanation was?

Senator Robertson: I did not tell them anything. Honourable senator, I think most Canadians know how silly you people are being and why you were not at the committee, for heaven's sake.

Senator Frith: So the answer to the question of what the explanation is—

Senator Simard: Is that the Liberals are silly.

Senator Frith: —to the seals thumping over there, that they feel happy about the fact that the senator's answer to that question is that they think we are looking silly. That's the answer, is it?

Senator Simard: You are.

Senator Frith: Where is the answer to the question of what the explanation is? Do I understand that Senator Robertson had no explanation, that she told her publicity dogs, as Senator Barootes called them, to explain something and she had no idea what the explanation was?

Senator Robertson: Honourable senator, you don't listen very well. You love to talk a lot, but you don't listen. Try listening for once. You are impossibly ignorant when it comes to listening to people, I am sorry to say. I told you that I said to the publicity people, "Make sure you tell the people why the Liberals are not there."

Senator Frith: Why?

Senator Robertson: I did not tell them what to say. I know one of the reasons.

Senator Frith: What was it; that's what I am asking you?

Senator Robertson: I asked you a minute ago and you said, "No, no, I am not interested in what you are going to say." Because you are too stubborn. You can't give up power in committees. That's why you won't attend. That's the reason.

Senator Frith: All right. Now we understand the explanation. Senator Robertson has told us five or six times. I listened. I heard it. She said to the publicity people, "Explain why the opposition members weren't there." I have been trying for 15 minutes to get her to say what is her understanding of the explanation, and now finally we have it.

Senator Barootes: You tell us why.

Senator Frith: The reason, Senator Robertson says, is because she's told them, I guess, explained to them, that they are stubborn and will not give up power.

Senator Robertson: No, you are taking me out of context. I did not give them any direction. I said to explain. I did not put words in their mouths. I know why you were not there and they know why you are not there.

Senator Frith: Tell us.

Senator Robertson: For heaven's sakes, everyone knows why you were not there. You can't bear to give up power; that's the reason.

Senator Frith: That's the real reason, you say. The one they made up, because they did not even say to you, "Senator Robertson, if you want us to explain why, can you tell us what the reason is?" They did not ask that; they just made something up, and what they made up, unlike the reason Senator Robertson thinks, was:

[Senator Robertson.]

> The Opposition refused to attend the three Selection Committee meetings held and hence, have not yet nominated any members to the Rules Committee.

Senator Robertson will not adopt that as the reason. She says the reason is because we are stubborn and refuse to give up power. But this is the one they gave the press under her chairmanship. Of course, it's wrong, just as her reason is wrong. The minutes of the committee of Selection state that the opposition refused to attend the three Selection committee meetings. That is the statement that her dogs made, and made up, according to her. She had nothing to do with what they did. She didn't tell them what to do. "I'm not going to tell them what to say. I just told them to go ahead and explain, to pick their own explanation." So the one they picked out of the air, without any guidance from anyone, was that we refused to attend the three Selection committee meetings.

No one took the trouble to look at the minutes of the committee of May 29, 1991 where it lists at page 2.5 the members of the committee present: The Honourable Senators Balfour—he's not a liberal. Bolduc, he's not, but Corbin—

Senator Corbin: I'm a Liberal.

Senator Frith: I thought so. DeWare, she's not a Liberal. Doody, no. Frith? The last time I checked I was certainly a Liberal. Kelly, no; Lewis, yes; Petten, yes; and Phillips, no.

So there were at the committee meeting Senators Corbin, Frith, Lewis, and Petten. But the document states:

> "The Opposition refused to attend the three Selection Committee meetings held and hence, have not yet nominated any members to the Rules Committee.

So they are wrong that the opposition refused to attend three Selection committee meetings. That's one statement they made. The other statement that "they have not yet nominated" is also wrong. They made two statements and both of them are wrong.

• (1600)

It is no wonder that Senator Robertson does not want to accept sponsorship for this and wants to come up with some other explanation. If honourable senators will read page 2:5, they will find:

> The Committee proceeded with the nomination of Senators to serve on the Committee on Standing Rules and Orders.
>
> The Honourable Senator Kelly moved that the Honourable Senators Balfour, Barootes, Cogger, Doyle, Grimard, Kinsella, Lavoie-Roux, Molson and Robertson be nominated to the Committee on Standing Rules and Orders.

So far they are right; no one has been nominated from the opposition side. Yet the next paragraph states:

> The Honourable Senator Petten moved that the Honourable Senators Bonnell, Corbin, Frith, Graham, Kenny, Lewis, Molgat and Stanbury . . .

All of whom are Liberal, and all of whom are from the opposition. The words are, "The Opposition refused to

attend . . . have not yet nominated . . ." This first document is a June document and the other is a May document.

What happened, of course, and the real explanation that neither the publicity dogs, nor Senator Robertson came up with, and which happens to be the truth, is that, first, we attended; and, second, we nominated.

> After debate, the question being put on the Honourable Senator Kelly's motion . . .

That is the one to put the Conservatives on.

> . . . it was, by a show of hands, resolved in the affirmative: YEAS = 6; NAYS = 4; ABSTENTIONS = 0.

Then, what happened to our nominations?

> The question being put on Senator Petten's motion . . .

Which motion was to nominate the Liberals, or Opposition, to use their words:

> . . . was, by a show of hands, negatived: YEAS = 4; NAYS = 6; ABSTENTIONS = 0.

What happened? "The Opposition refused to attend the three Selection committee meetings held . . ."—wrong, absolutely wrong— "and hence, have not yet nominated any members to the Rules Committee." That is wrong.

Some Hon. Senators: Wrong!

CONSTITUTIONALITY OF PROPOSED NEW RULES—TESTIMONY OF EXPERTS

Hon. Richard J. Stanbury: Honourable senators, I have a question for the chairman of the committee. I have been shaking my head feeling that the chairman and her committee, and perhaps the entire Conservative caucus, which is under the very firm thumb of people in the other place, really should be more pitied than censured.

They have abandoned the principles of democracy. They have abandoned the rule of law. They have not observed rules around here for a long time. Now they are trying to impose rules on us. They have abandoned the whole tradition of the development of rules by consensus and by all-party action. They have abandoned common courtesy.

They have now given us a set of rules which I understand are a complete revision of the role of the Senate and the destruction of the opposition, and practically the complete destruction of the possibility of there being presented petitions and inquiries, which items are the voice of the public in the Senate.

All of this will raise tremendous questions of constitutionality, Madam Chairman. I cannot believe that what you have done is at all constitutional. From what I have seen already, there are all kinds of constitutional problems in what you have done. It is clear that you did it all without the advice of anyone who knew what he was doing.

Apparently you tried to adopt the rules of the other place, which do not apply in this house. They have an elected Speaker. We have a Speaker who is appointed by the Prime Minister and who answers his call. It is a completely different situation. Now you are imposing upon us, unilaterally, a set of rules which clearly have constitutional problems which will ride with us for a long, long time.

My question for the chairman of the committee is this: Has the committee heard testimony of any legal or constitutional experts as to the viability of these rule changes?

Hon. Brenda M. Robertson: Honourable senators,—

Senator Stanbury: Would you like me to repeat the question?

Senator Murray: What was the question?

Senator Stanbury: The Chairman should listen to questions when they are being asked. The question is: Has the committee heard testimony of any legal or constitutional experts with respect to the constitutionality of the amendments which have been proposed?

Senator Robertson: No, honourable senator. I am sorry I was not listening properly.

MEETING OF COMMITTEE—PRESENCE OF MEDIA

Hon. Brenda M. Robertson: I should like to bring to your attention a notice that went out to the press that was not alluded to by Senator Frith. It was just handed to me, which accounts for my not listening. I was reading it instead of listening.

It is a correction that has gone out, and it is dated Tuesday, June 4. It states:

> Please be advised that the note regarding the Opposition committee members to Senate Rules Committee which is attached to the schedule of meeting contained in some press kits distributed earlier today should be disregarded as the information is incorrect.

Hon. Royce Frith (Deputy Leader of the Opposition): You didn't know about that either. That was just handed to you. How convenient.

Senator Robertson: I just bring honourable senators up to date.

Hon. Richard J. Stanbury: What was that expression I used before—more to be pitied than censured. I think that is pretty applicable.

Senator Frith: May I have a copy of that, senator, with a copy of the distribution and the date of distribution.

CONSTITUTIONALITY OF PROPOSED NEW RULES

Hon. Richard J. Stanbury: Honourable senators, I have a supplementary question. The fact is, I gather that the proposed rules 20 and 35 require a senator who finds a breach of privilege has occurred to wait until the next sitting day to raise his question. This is even more stringent than the Standing Order 48 of the other place, where it is customary for questions of privilege arising during the Oral Question Period to be considered at the end of the Oral Question Period and otherwise to take precedence over all other business of the house.

According to the proposed rule 35(8) and (9), questions of privilege for which there has been one day's notice will only be considered after the Orders of the Day. As a consequence, important public bills may well be considered during a time when there is a significant breach of privilege. Of course, it may never be reached after the Orders of the Day, depending on the action of the government. The government is in a position to prevent a further question of privilege from ever being discussed.

Is there any suggestion by the chairman that it is constitutionally possible to deprive a senator of an unimpeded right to raise a question of privilege?

Hon. Brenda M. Robertson: Honourable senators, there is a great deal of opportunity in the proposed new rules for privilege and every other matter that normally relates to a legislative body such as this.

Senator Stanbury: No.

Senator Robertson: Yes, there is.

I also want to remind the honourable senator that I believe this debate should continue tomorrow, if I am allowed —

Some Hon. Senators: Oh, oh!

Senator Robertson: —to speak to this motion. I think this is not the place to do so. If honourable senators want me to, I can dig out all my information on the rules, but I do believe that this is not the place to do that, so I am advised.

Hon. John B. Stewart: Honourable senators, I should like to direct the attention of the house to the proposed rule 15(2) at page 13 in the document. It states:

> During any adjournment of the Senate, if the Speaker is satisfied that the public interest does not require the Senate to meet at the time provided in the order of adjournment the speaker shall:
>
> (a) consult the Leader of the Government in the Senate and the Leader of the Opposition in the Senate, or, in each case, their designate.
>
> (b) determine an appropriate date for the next sitting of the Senate.

• (1610)

There are other sub-provisions relating to notices and what happens if notice is not received by the several senators. I would like to ask Senator Robertson: Does this proposed rule follow the example of the House of Commons or, failing that, does it follow the example of the House of Lords?

Senator Robertson: I would prefer, and I think it is only proper, to debate these proposed rules when the motion is put.

Senator Frith: This is Question Period!

Senator Robertson: This is not the appropriate time—

Senator Frith: Don't be embarrassed!

Senator Robertson: I am not embarrassed at all. That is my favourite rule, and I will tell you why. I am so sick and tired of rushing up here from the Maritimes, as are other senators who come from out west, to come here and sit for 20 minutes and then be dismissed because there is no work.

[Senator Stanbury.]

Some Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Opposition): Wait until you see what you have with the 15-minute limits, if you think it is a waste now.

Senator Robertson: It is a disgraceful waste of time, it really is. I will not discuss the rules today. It is not the appropriate time. I will discuss every single rule you want to discuss tomorrow.

Senator Frith: The brand new rules are not yet in effect. According to the present rules applying at the present time this is the right time to ask you about the work of your committee. We do not have your new rules yet, so live with the present ones for a while.

Senator Stewart: I would like to ask a question relative to proposed rule 15(2). I preface my question by reading section 34 of the Constitution Act, 1867. It reads:

> The Governor General may from Time to Time, by Instrument under the Great Seal of Canada, appoint a Senator to be Speaker of the Senate, and may remove him and appoint another in his Stead.

In view of the fact that the Speaker of the Senate is not a servant of the Senate but is instead a servant of the government holding office during pleasure of the government, does not the chairman of the committee regard a rule that gives the Speaker of the Senate, he or she being a servant of the government, the power to set aside a decision of the Senate as to the day on which the Senate will resume its sittings as a most significant change, a change so important indeed as to constitute a fundamental alteration of the Constitution of Parliament?

Senator Buckwold: Right on.

Senator Robertson: Honourable senators, I really think this is the wrong time to discuss the rules, but I will try to answer this question. Then, if you really want me to get out all of my information—

Senator Bonnell: Get it all out.

Senator Frith: You will feel better.

Senator Robertson: It is not the proper time.

Senator Frith: You will sleep better tonight.

Senator Robertson: I always sleep well, Senator Frith, and I am not on the stage.

Senator Frith: I would hope not.

Senator Robertson: To Senator Stewart, the Speaker, as you know, with the advice of the Leader of the Government and the Leader of the Opposition, can call the Senate back when so required. I believe that is a—

Senator Frith: That is not the present rule.

Senator Robertson: I know it is not, but that is what he can do now. He can call us back with proper advice.

Senator Frith: It is all up to him under the present one. He makes the decision.

Senator Robertson: This one is the opposite of that. He has the ability, after consultation with both leaders, to postpone a sitting of the Senate.

Senator Frith: Consultation is not consent.

Senator Robertson: Consultation. I would not expect you to agree with this view. However, your committee felt quite comfortable with that rule. I see nothing particularly difficult with the rule if there is proper consultation. The consultation would be instigated generally, I am sure, by the Leader of the Government because he is the one who knows whether or not there will be business before the chamber. There has to be a mechanism for not bringing everyone back to the chamber if there is no work. It is a terrible waste of taxpayers' money. It really is. If the taxpayers knew how much those 20 minutes or half hours cost them, they would be absolutely shocked; they really would.

Senator Stewart: Honourable senators, in her response Senator Robertson says that, in a sense, proposed rule 15(2) is the reverse side of the rule that enables the Speaker, after consultation, to bring the Senate back to sit. Surely the honourable senator recognizes that there is a fundamental difference between bringing a House of Parliament back to sit and saying, "No, we don't want you at all", given the traditional relationship between the Crown, on the one hand, and Parliament, on the other. The Crown is at times not anxious to have either house of Parliament in session and sitting.

Senator Buckwold: Often.

Senator Stewart: It is quite another matter for the Crown to want the Houses of Parliament sitting so as to do government business; we understand that. However, what is being conferred upon the government, as we see under section 34 of the Constitution Act, is that the Speaker is the creature of the government. He or she holds office at pleasure and can, in the words of the Constitution, be removed and another appointed in his or her stead. It allows the Speaker to say, "No, the government doesn't want you back."

I understand what Senator Robertson is saying. She is saying that at times there may not be sufficient business for the Senate to do, notwithstanding that the Senate itself has appointed a date to return. Perhaps she has been misled by that consideration and has not taken into account the fact that a government might say, "Look, the Senate is coming back on July 15, and we do not want them back. There is an immigration scandal case and we do want it discussed. There will be a lot of misunderstanding if they come back and start asking questions. Speaker, you are our creature, so tell them they are not to come back." That is the danger. I say to Senator Robertson and to Senator Doyle, who is very dubious on these matters—

Senator Frith: Because he knows that the government never does anything wrong, only officials!

Senator Stollery: He is the one who wanted to abolish the Senate before he came here!

Senator Stewart: —that what a government, regardless of its political persuasion, can do, it will, in certain circumstances, do. Senator Robertson smiles. Perhaps she, in fact, finds it a little hilarious—

Senator Robertson: Just being pleasant.

Senator Stewart: —perhaps tiresome that this constitutional question should be raised. I ask her: When she prepared this report, when she accepted this document, was she aware of the constitutional significance of the proposed changes to the *Rules of the Senate* that will allow a Speaker of the Senate, who is not elected, not a creature of the Senate but of the government, to cause senators to stay away? That is the question I ask the honourable senator.

An Hon. Senator: Speak louder; we can't hear you on this side.

Senator Stewart: I guess, Honourable Senator Robertson, the implication of your silence is a no.

Senator Robertson: There was a great deal of discussion among our own members on this particular issue, and Senator Molson was there when this particular issue was raised.

Senator Stollery: Lord Molson!

• (1620)

Senator Robertson: There seemed to be a not too negative response on the constitutional issue.

I am not surprised that this issue was raised, because I expected it to be raised. However, honourable senators, I would like to check the rules that we are working under today. Is it the wish of this house that we go into each rule in depth now, or will that be dealt with tomorrow?

Senator Murray: This is oral Question Period.

Senator Robertson: I see.

Senator Frith: The senator is just asking if the constitutional dimension was taken into account.

Senator Robertson: Yes, it was.

PREPARATION OF NEW RULES—QUALITY OF FRENCH TEXT

Hon. Roméo LeBlanc: I do not have a question about the content of the rule changes, but I have a question on the document I am holding in my hand.

The "Gang Who Couldn't Shoot Straight"—the Tory caucus—produced a very interesting document. In fact, I do not think they should be trusted with documents. I read in the transcript of the Al-Mashat business that Senator Murray's own assistant got a briefing note about Al-Mashat that never got to Senator Murray. Alternatively, he may not have read it or maybe he thought it was not a government document. Perhaps he thought it was a document prepared by the experts, the consultants or the public relations boys from Strategic Communications on Sparks Street. It will be interesting to

check the public record to see how many government contracts Strategic Communications on Sparks Street have received. They are really Santa Claus-type people. They work for nothing. They advise the Conservative caucus, on which, I might add, the Speaker sits.

Mr. Lavoie and Maureen Conway of Strategic Communications—modern day Santa Claus' helpers—prepared the document that Senator Robertson did not read. If she did not have time to read it because she was too busy with the Tory caucus, I wish, at least, she had shown a copy to Senator Tremblay, or to Senator Chaput-Rolland who is a distinguished author. Certainly, she could have shown it to a number of senators such as Senator Lavoie-Roux, who is a member of the committee, or Senator Grimard, a very literate man who impresses me.

Honourable senators, these volunteers in the cause of the future of the Tory caucus have committed the most serious crime anyone can commit in the French language, which is to fail to have concordance between an adjective and its noun. For example, they say, ". . . tout les médias . . ." and they spell it "t-o-u-t-". Senator David, who is a distinguished intellectual, knows that "tout les médias" does not really wash. It should be "tous". As a former professor of grammar, I would teach that.

Then the document contains the phrase ". . . une présentations . . .". Honourable senators, this is on "Senate of Canada" paper. It is not something that was picked off the table; this is written on the letterhead of the Senate of Canada. We would not allow our officials to release a document written in that type of grammar. Obviously, the Government of Canada has privatized the committees and left that responsibility in the tender care of Strategic Communications on Sparks Street. Honourable senators, "une" means one, yet "présentation" is used in the plural form, "présentations".

Senator Buckwold: Maybe Senator Simard wrote it.

Senator LeBlanc: Once the authors, honourable senators, had reached the end of the "Senate of Canada"-headed paper, then blank, white paper is used for the remainder of the document, but the only language used then is English.

[*Translation*]

Hon. Jean-Maurice Simard: Is this Question Period or what?

Senator LeBlanc (Beauséjour): Senator Simard, I don't know what you are driving at, but I will ask you the following question: Is there any good reason why a committee of your caucus, or worse, a document under the letterhead "Senate of Canada" contains, in addition to some very obvious spelling mistakes, a text in English only and why this text was distributed to the media?

Perhaps Mr. Vastel who shouted to Mr. Trudeau from the visitors' gallery, telling him to speak French when he appeared before us, could put that in his article next week.

Hon. Jacques Hébert: Nobody reads it!

[Senator Rom]

[*English*]

Hon. Brenda M. Robertson: On behalf of the committee, honourable senators, I would apologize for the errors in the French translation. I think the suggestion of having Senators Chaput-Rolland, Grimard or David vet these documents is an excellent one.

As you know, this difficulty arises not only with communications people. We have this same problem in translations. However, I appreciate the honourable gentleman's comments. In future, I will ensure that my francophone colleagues in caucus vet the documentation carefully.

Senator LeBlanc: The fact is that in this institution we sometimes complain about the quality of language, but when our officials are allowed to do their job—and they are no longer doing it because the responsibility has been shifted to Sparks Street-they always produce documents in proper French and in proper English. Privatizing the operations of a committee of the Senate may fit the policy of the government, but I do not think it is the policy of the Senate.

Senator Robertson: Thank you very much, senator, for your comments. I am sure your remarks would have had much more impact had we involved the officers at the table in our caucus deliberations. It is perfectly appropriate that caucus employed only these people, and we shall continue to employ Strategic Communications Consultants whenever caucus deems fit.

Hon. P. Derek Lewis: Don't do that, if they don't do their job.

ABORIGINAL AFFAIRS

REQUEST FOR JUDICIAL INQUIRY INTO OKA CRISIS

Hon. Richard J. Stanbury: Honourable senators, I do not want to cut off any of my colleagues who have further questions, and I certainly do not want to disappoint Senator Robertson by not having a question for her. There may be more questions for Senator Robertson, but at this point I would like to pose one question to the Leader of the Government in the Senate.

On May 30, at page 83 of the *Debates of the Senate* of that day, I asked the Leader of the Government when his government would announce a full, proper and public judicial inquiry to look into last summer's events at Oka. His response was that the Quebec government intended to ". . . proceed with the judicial inquiry that the coroner has recommended." In saying that, the government leader was answering a question that I had not asked.

I was aware that the coroner in Quebec had ordered an inquest into Corporal Lemay's death. However, this inquest is quite a different matter from the public, independent judicial inquiry that I asked for two weeks ago. The Quebec Minister, Mr. Ryan, has announced that the inquest will deal with one issue only; that is, the death of Corporal Lemay.

Would the honourable Leader of the Government now be prepared to inform this house that, since two weeks ago, he has: One, clarified his understanding of my request and the

request of the people of Kanesatake as well as the House of Commons Committee on Aboriginal Affairs for a full, independent judicial inquiry; two, that he has spoken to the Prime Minister about this matter as he undertook to do; and, three, can he now report that this government is now prepared to establish the long-awaited and much-needed independent inquiry?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I think I undertook to obtain further information on the matter and a statement of the government's position from the appropriate minister. I do not have that information this afternoon but I shall try to obtain it as soon as possible.

Senator Stanbury: I hesitate to suggest that what Senator Murray really said was that he would bring the matter to the attention of the Prime Minister and would report back. I am still looking for that kind of answer.

I am sure all honourable senators will recognize the need for a federal, if not a federal-provincial, inquiry to look into the issue surrounding the Oka crisis.

Furthermore, the Leader of the Government, I am sure, will agree that an inquest that is bound by law to limit its examination to the death of Corporal Lemay cannot possibly provide Canadians with the answers they need.

• (1630)

I am sure I do not have to remind anyone that this crisis extended for 78 days after the tragic death of Corporal Lemay. I will not have to remind anyone that the federal government has the principal responsibility for aboriginal affairs, that four departments of the federal government were directly involved, and that our armed forces were brought in at the request of Quebec to deal with the situation of which provincial authorities had lost control.

Therefore, my question to the honourable Leader of the Government is this: Has his government requested the cooperation of the Government of Quebec in establishing a federal-provincial or independent judicial inquiry, and will his office undertake to establish a comprehensive public judicial inquiry under the auspices of the federal government, or if possible, as the Commons Committee suggested, a federal-provincial inquiry, to give a full airing to the many issues that are far beyond the mandates of any studies, committees or commissions currently constituted?

Senator Murray: There again, honourable senators, I hope to be in a position to bring in a full response to Senator Stanbury's question very soon.

STANDING RULES AND ORDERS

PROPOSED NEW RULES—EFFECT ON OPPOSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, could I return to the rules? I had not realized that Senator Stanbury was moving to another topic. In reading the proposed rule 20, it appears to me that the government is deliberately trying to establish a mechanism under that rule to silence the opposition. I want to ask the chairman of the committee if my impression on first reading of the rule—and I just read it today—is correct.

Under the proposed rule 20, the section dealing with order of business, reading of petitions, notices of motions, and non-government notices of inquiries comes last in a long list of items that are collectively subject to a 30 minute time limit. If one takes the rule at first blush, the government could continue to prevent the opposition—even if the opposition were a majority for the moment—from getting to those items. If the government proceeds at length on tabling its documents, government notices of motions and first reading of government bills, and if the government, which has priority, uses up the entire thirty minutes, the opposition would be shut out. Essentially, the other items would be foreclosed, and the last item under the rule is presentation of petitions. Under these proposed rules, if they are implemented, the government could properly, in effect, prevent senators from presenting petitions. That strikes me as silencing the opposition and essentially goes to the heart of the Senate and Parliament. We had a great debate about that in the past and I thought that there was a clear understanding on both sides that petitions ran to the heart of Parliament. I wonder whether or not there was some oversight on behalf of the Rules committee on this matter, or was this a deliberate attempt to silence the opposition or to take away the right of the opposition to present petitions?

Hon. Brenda M. Robertson: Thank you, Senator Grafstein. No, it certainly is not the intent to silence the Opposition. If anything, it is just to give good order to the process, the Orders of the Day. You can note, if you consider what we do now with the tabling of documents, presenting reports and so on, that those are strictly tabling exercises without dialogue. We get through those very quickly. If you check back and see how long it takes us to go through those items, it certainly is not long unless there is a deliberate attempt to prevent the government's notices of motions or government bills from being discussed, and the whole purpose here is to have the government business dealt with in an efficient manner, but certainly not to silence the opposition. I believe that if you read that whole section carefully, you will find that there will be ample opportunity for opposition participation in all of those items.

Senator Grafstein: Again, just reading at first blush, on page 22 of the first report, section B, section 6, it gives a list of priorities of documents. The Leader of the Government in the Senate could, as could other senators, by introducing the first reading of government bills, presenting reports, presenting government notices of motions, introduction and first reading of government bills, introduction and first reading of Senate public bills, first reading of commons public bills, very quickly use up 30 minutes. My only question is that the government, if it chose to, could unilaterally foreclose the opposition from proceeding with notices of motions, notices of inquiries or presentation of public petitions, even in a cursory fashion. They could do it endlessly.

Senator Robertson: I think not, honourable senators, any more than the opposition, as the rules stand now, would prevent the orders from proceeding.

Senator Frith: Of course, if they tried anything like that, the Speaker would jump all over them!

Senator Robertson: Oh, well, I doubt that very much. The rule is quite specific. The tabling of documents no longer has to be read the way Senator Doody does it now. They can be tabled with the clerk without the process they now go through. There are some other items there that will save time. I doubt that you would not get to your other business. I really do.

Senator Grafstein: On a fair reading, the government is not prevented from introducing briefly a number of government bills or public bills, but in sub-section 7 as appears on page 23, it says, this:

> Not later than 30 minutes after the first item is called in accordance with section (6) above—

which sets out the order of business

> —regardless of the progress then made on the items listed therein, the Speaker—

and here the Speaker has no discretion

> —shall interrupt any proceedings then before the Senate and shall forthwith call for the following:
>
> Question Period.

So, in effect, whereas before we had endless or perpetual petitions, we could now have an endless stream of government explanation, completely foreclosing the opposition from its historic right to present a petition. It would be perpetual foreclosure.

Senator Olson: They don't care about that.

Senator Robertson: I understand what you are saying, senator, but I certainly do not see that in the rules. I understand where you are referring but, certainly, 30 minutes should be most adequate for these particular orders. I shall do some more work on it tonight and try to find the average amount of time for those things and just see how it works out. However, I know that has been done and the committee was advised that that certainly would be adequate time, unless there was something very unusual, to get to the presentation of petitions, and from whatever time is left over you can have all the time you want to present petitions until the 30 minutes is used up. If you come down to, say, 15 minutes, you may have half the time, and I would be surprised if you went through that order in 15 minutes.

Senator Grafstein: Is the chairman of the committee, who is concerned with balance in the Senate, not concerned with providing the opposition with an appropriate mechanism to bring matters to public attention? What we are doing here by these so-called efficiencies is, in effect, ruling out or foreclosing the appropriate role of the opposition to present meaningful discussion and meaningful concerns of the public. The petitions that we presented during the GST debate—which I know presented horrendous difficulties to the government—essentially were not something that we created. They arose from an outcry of the general public, and foreclosing, in effect, this opportunity in the Senate goes to the constitutionality of a second chamber. There would not be left open a place for cris de coeur of last resort. Is that not a concern to government members on that committee?

Senator Olson: Not when they are in office.

Senator Frith: Those angels? Not a thought.

Senator Robertson: I think not, senator.

MEETING OF COMMITTEE—NOTICES TO SENATORS

Hon. Brenda M. Robertson: Honourable senators, if I may, I have some information from the Clerk of the Committee that I would like to table, in which senators may be interested. It is regarding the notices. It gives each office to which they were delivered, and so forth. The notices were delivered on Friday, May 31, 1991, at 2 p.m. A yellow notice was sent out announcing a meeting of the Rules committee for Tuesday, June 4, 1991, at 10 o'clock in the morning. The agenda shows it was an organization meeting. The list of all the rooms to which this notice was delivered by the messengers is attached, and all yellow notices are distributed to these rooms. I have a list of all the senators.

Senator Barootes: Is Senator Olson's name there?

Senator Robertson: Oh, yes.

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

Senator Frith: This is everything you have to table?

Senator Robertson: These are all the copies of the notices, yellow and white, that went out.

Senator Molgat: Does that include the press kit?

Senator Robertson: I do not have the press kit.

Senator Frith: She disowns the press kit.

Senator Molgat: Would it be possible to have the press kit tabled?

Senator Robertson: Yes, certainly, if I can get one.

Senator Frith: On Senate letterhead. That is the caucus document on Senate letterhead. That is the one we do not get.

• (1640)

Senator Grafstein: The honourable senator indicated earlier in responses to Senator Frith and others, that it was an accident. I believe she used the word "accident".

Senator Frith: About the committee letterhead.

Senator Grafstein: It was "accidental" that the Senate stationary was used by the public consultants for the Tory caucus. If that is the case, the media, many of whom may not read the documents here or the questions and answers here, have obviously been misled, and the public through the media have been misled. Therefore, would it not be appropriate, now

that the senator has acknowledged the accident, that that be corrected and a new kit be sent to the media indicating that it was not a Senate matter, that this kit dealt with subject-matter of the Tory caucus. They could do that at caucus expense.

Senator Robertson: Thank you for that suggestion, senator. I will be meeting later with some of my caucus members. I want to review the press kit. As I said to Senator Frith earlier, I have not seen the press kit. I want to see if the documents in the press kit compare with the documents sent over by Senator Frith.

Senator Frith: What?

Senator Robertson: Let me look and see what is there; but that is not a bad idea.

AN ACT TO PROVIDE FOR APPOINTMENT OF A PORT WARDEN FOR THE HARBOUR OF QUEBEC AN ACT TO AMEND AND CONSOLIDATE THE ACTS RELATING TO THE OFFICE OF PORT WARDEN FOR THE HARBOUR OF MONTREAL

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Michel Cogger moved second reading of Bill C-14, to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal, and to validate certain fees and charges established pursuant thereto.

He said: Honourable senators, this happens to be the second time that I have had the honour to move second reading of this bill. Indeed, I spoke on the very same subject on December 20, 1990. The bill subsequently died on the Order Paper, wherefor its current reintroduction.

Hon. Royce Frith (Deputy Leader of the Opposition): We remember how articulate and persuasive you were.

Senator Cogger: In view of that fact, I will not insult fellow senators by repeating some of the things that I said then and which I am sure are still vivid in their minds. I believe that it was a Friday morning, December 20, on which I spoke, and the audience was numerous and attentive.

Hon. Allan J. MacEachen (Leader of the Opposition): I was there and I agreed.

Senator Cogger: Essentially the purpose of Bill C-14 is to correct a few anomalies that are reflected in the governance of the harbours of Quebec City and Montreal. Both harbours or ports are directed by wardens who act under the authority respectively of the Board of Trade of Montreal and La Chambre de Commerce de Quèbec. The moneys necessary for the operation of the offices of the various wardens is to be generated from the fees they collect on cargoes. The system, as we currently know it, has been in place respectively since 1882 and 1871. Needless to say, it is rather archaic and cumbersome.

For instance, a change in the fees levied by the wardens requires the authorization and the approval of the Governor General in Council. The proposed new legislation would dispose of those archaic provisions and modernize the operations of the offices of the wardens in both harbours.

Honourable senators, the second objective of the bill is essentially a housekeeping amendment. It will bring the offices of the wardens into the late 20th century and facilitate the operations. This bill is no more controversial now than it was in December of 1990 when I first introduced it, and I invite colleague senators to give it speedy consideration and passage.

Hon. Senators: Hear! Hear!

Hon. Keith Davey: Honourable senators, Senator Cogger is perfectly correct in that it was the 20th of December. I and a number of my colleagues were there, and, if you will recall, we sought the answers to a series of questions. We put our questions to the chairman of the committee and said that we on our side felt that we could not proceed with the debate until we had the answers.

We still do not have the answers to those questions and we have virtually the same legislation as Senator Cogger has spoken about. Therefore, I would like to put the questions on the record now.

Senator Cogger: Would it not be the appropriate procedure that I first move that the bill be referred to a committee?

Senator Frith: No. This is second reading debate. He is telling you the basis upon which he wants you to make that motion.

Senator Davey: Let me read the questions and have them on the record. Then, Senator Cogger, we will look forward to having the answers provided by you or your colleagues on that side. We do not feel that we can proceed with this bill until we have received the answers to the following questions:

> Could you provide all documents pertaining to all contractual arrangements entered into by the Government of Canada with VS Food Services of Toronto? For how many years has Versabec Inc. had the food services contract at Montreal Ports Corporation? Is this contract renewable annually, every two years, every five years?
>
> When Versabec Inc. first signed a contract to provide food services facilities at the Port of Montreal facilities:
>
> (1) Was there a tender issued?
>
> (2) How many bids were submitted?
>
> (3) Was there a committee established to review the bids and recommend action on these?
>
> (4) Who were the members of this committee?
>
> (5) What other companies submitted bids? If no bids were submitted, how was the decision taken to enter into a contract with Versabec Inc.

● (1650)

> At any time during their dealings with Versabec Inc., a wholly owned subsidiary of VS Food Services Ltd., were the directors of the Montreal Ports Corporation aware

that a senator of the Parliament of Canada is the Chairman of the board of Versabec and a director of its parent company?

Has the contract for food services at the Port of Montreal been renewed since 1985? If so, when? Would this be a decision taken by the Board of Directors? If so, what members were present at each meeting where this contract was renewed? Is there a committee of Board members that make such decisions? If so, please provide the membership list for this committee from 1985 to 1990.

When was the last time the food services contract for the Port of Montreal was renewed? If it hasn't been renewed since it was entered into, why not? What is the policy of the Montreal Ports Corporation overseeing such matters?

Have the directors of the Montreal Ports Corporation ever decided or ratified a decision to award any cleaning service contracts to VS Services Ltd. or to any of its subsidiaries and if yes, when, under what terms and conditions and for what value?

Are the employees of Montreal Ports Corporation satisfied with the cafeteria and catering services presently being provided by Versabec Inc.? When was the last time a comprehensive survey was conducted? How many employees have access to food services provided by Versabec Inc.?

Did the Montreal Ports Corporation ever enter into a contract for insurance coverage with Pratte-Morrissette Ltd.? Since 1984 what disbursements if any have been made from the Montreal Ports Corporation to Pratte-Morrissette Inc., Chardul Ltd, Charbonneau-Dulude and Associates, Peerless Insurance Agencies Ltd. Charbonneau-Dulude-Lalonde and Associates Inc., and in each instance what date, what amount, for what purpose and by what authority? What type of insurance did Pratte-Morrissette provide? For how long was this contract in effect and when? Who recommended Pratte-Morrissette? At what precise date? Are the minutes of the Board meetings where the Pratte-Morrissette insurance contract was deliberated available?

Did the Montreal Port Corporation retain the services of Charbonneau-Dulude and Associates in 1984 or in any subsequent year and if so for what purpose, under what terms and conditions and what report and/or recommendations were presented to the corporation and on what date? If so was this by invitation or by open tender. If by invitation, what other companies or individuals were invited to tender and who did? If by open public tender, who tendered? In all instances what were the bids or offers of service, who administered the tendering process, and was this process repeated annually?

During their dealings with Pratte-Morrissette were the directors of the Montreal Ports Corporation aware that a) the Chairman of Pratte-Morrissette was a Senator of the Parliament of Canada, b) that Pratte-Morrissette was a wholly owned subsidiary of Marsh and McLennan Ltd. on whose advisory board, sits the same senator and c) of the existence of a contract with supposedly prohibited said senator from aiding either companies from obtaining government business?

Approximately how much in total premiums did the Montreal Ports Corporation pay to Pratte-Morrissette for the duration of the insurance contract signed between these two parties? What were the totals for each year?

At the time that the directors of the Montreal Ports Corporation decided or ratified the decision to retain the services of Pratte-Morrissette Ltd. on the advice of Charbonneau-Dulude and Associates (later to become Chardul Ltd.) were they aware that the parent company of Pratte-Morrissette Ltd., Marsh & McLennan Ltd. had, or was in the process of buying a part of Charbonneau-Dulude and Associates?

Has the Government entered into any contractual arrangement with a computer services company called Thomson — CSF Systems Canada Inc.? If so, what service or material is being provided? What is the amount of the contract(s), what departments, Crown Corporations or agencies are involved and what is the duration of the contract(s)?

Senator Cogger, those are the questions and we on this side are very anxious to have the answers. We know you will be able to provide them.

On motion of Senator Davey, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the first report of the Standing Senate Committee on Internal Economy, Budgets and Administration, presented on Thursday, May 30, 1991.

Hon. Roméo LeBlanc: Honourable senators, I move that the report be adopted.

Hon. Duff Roblin: Honourable senators, I do not wish to delay the proceedings but I would like my honourable friend to assure me that this motion deals with implementing economies in the use of the telephone resources in the Senate. If that is the case, I heartily approve of it, because it has been my opinion for some time that we have not been scrutinizing ourselves as carefully as we could in this respect.

My question has to do with the first item of this report which deals with on-net lines and authorization codes. I am not acquainted with the terminology involved and I would appreciate it if my friend could tell me, in language that I can understand, exactly what this phrase means.

Senator LeBlanc: Honourable senators, I am not sure that my technical knowledge will be up to the "exigences" of Senator Roblin, but I will try.

The senator might remember that some years ago there were two systems. Under one system you dialled into what was called a government network and if the line was available you were put through by an operator. Eventually that was moved into the Bell Telephone on-line system which allows direct access by dialling which is computerized and, in fact, is given to the Government of Canada at—I do not want to use a figure because I am afraid of being wrong, but I think it was given at something like 60 per cent of the normal telephone cost because of the very large volume that the government telephone organization buys from the telephone company. I am walking on very thin ice here and I do not want to be accused of misleading the Senate. That is the figure that comes to my mind but would I have to check the facts.

Anyway, the telecommunications proposals that are before you, and which were discussed some months ago in the Committee on Internal Economy, were intended to bring some control to the use of telephones and some vetting of telephone use by employees of the Senate through their managers and eventually through Internal Economy. Also, and probably most important, each senator will receive, in a private envelope, because we think there is a privacy element in telephone communication, the record of his telephone calls in order that he will know the cost of the operation of the telephones in his office. That is the intention of what we have brought forward.

Senator Roblin: I thank my friend. That is very helpful. I appreciate what he is doing.

On motion of Senator LeBlanc, report adopted.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Meighen, for an Address to His Excellency the Governor General in reply to his speech at the opening of the Third Session of the Thirty-fourth Parliament.—(*Honourable Senator Frith*) (5th day of resuming debate)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I yield to Senator MacEachen.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, better a Tuesday than a Thursday. That is the only merit I see in beginning a speech in the Senate on a Tuesday afternoon at 5:07. I do want to make at least some initial comments today on the motion for an address to His Excellency the Governor General in reply to his speech at the opening of the 3rd Session of the 34th Parliament.

The Speech from the Throne which opened this session is not what one might call a routine document. We are now past the halfway point between two general elections, conceivably a good deal beyond the halfway point if one is to believe Senator Murray when he said that:

> . . . only political cowardice or contempt for the democratic process could explain . . .

a government's refusal to announce a general election after four years in office. If that is accepted, we are well beyond the mid-point.

• (1700)

For the first time since 1984 the Canadian government is starting a new session with a majority or plurality in both chambers of Parliament and with an opposition from whom there has been removed, or is about to be removed in this place, the ability to perform as an effective opposition.

It is clear to me, after a cursory glance at the new rules proposed by the Rules committee, that the opposition will be virtually powerless in performing a useful legislative role in the Senate. Maybe that is the intention; I hope it is not. If the sole intention was to modernize or make the system more efficient, then certainly the result has been overkill of the most draconian kind. However, that is just a side comment that I might expand upon on another occasion.

The government has been in a strong position in Parliament and is now even stronger in the Senate. With that in mind, after more than six years of experience behind it, and with a new team refreshed by a cabinet shuffle, one would have thought that the government would now be confidently mapping out its plans for the future of Canada. But, as we know, these are not ordinary times. After more than six and a half years in office—during which the government had ample opportunity to achieve its goals and prove its worth—the government today has lost the confidence of the public in every region of Canada. The Prime Minister himself is not exactly the most popular political figure in Canada. I know that perhaps members on the other side are hurt about all of this—it would be understandable—but I hope that they are not taking out their frustrations and expressing their hurt feelings by this thrust against the opposition in the Senate, because whatever happens in the Senate will not have any discernible impact on the future course of Canadian political history. I wonder why the acrimony. Why create this acrimony at this particular time?

The country is in a deep recession. Some say that instead of getting better it is getting worse. Certainly we are in a recession, and one produced in Canada, with differences of opinion as to the extent and the depth of the recession, and very great differences of opinion as to when precisely the country will emerge from the recession.

On the political side, many Canadians have in good faith come to the view that Canada is no longer working or is a house divided against itself. Our future as a united country is being questioned; the trust that Canadians have traditionally put their government has been dissipated by repeated manifestations of contempt for public opinion. The government has operated on the basis that it is good for a government to be against what the public thinks, because rarely does the public know what is good for it but the government does. We have had many instances in this chamber when policies put forward

by the government were opposed by the public. Nevertheless the government persisted.

One of the failings of government is the refusal to be flexible or to bend. We often hear ministers, especially, saying, "Well, we are the government. We are here to govern." The public opinion may be adverse, but it will come around by the next election. Former governments have done unpopular things and they have survived. There is no doubt about it. Some of those involved in the Meech Lake constitutional process would freely admit that the public was opposed to what they were doing but felt that they would survive the feelings of the public. So it is a delicate question for governments—that is, how often and on what occasions they disregard the public. That has been happening in this country. We are led to believe that democracy exists only at election time. That is an unsophisticated view of a modern, democratic society. It is very unsophisticated to believe that the public can have its way only every four years, if we are to believe Senator Murray—

Hon. Lowell Murray (Leader of the Government): Or Mr. Trudeau.

Senator MacEachen: —or every five years, if one were to make a prediction. In between, the public can be disregarded. That is not an expression of full democracy. One thing that I learned in the Senate, after listening to so many public interest groups, was that the Canadian view today is not that democracy is expressed at election time solely, but that democracy has to be expressed time and time again in the course of a mandate of a government. Their views must be registered in between elections.

• (1710)

Why is it that the Reform Party is surging? Why is it that the institutions of government and our national institutions are in such disrepute? I am not the only one who has said that. The Minister of Constitutional Affairs has been the first to acknowledge, or among those who have acknowledged, that today is not a good season for political people. Why is that? Why is Preston Manning making yards everywhere? Certainly not because of the appeal of his agenda to the moderate middle of Canada. It is because Preston Manning is taking advantage of the views so prevalent that parliamentarians are not listening any more, and that a new Reform Party would bring about changes in institutions so that the view of the public would be registered frequently, not just every four or five years.

That is a feature of Canadian life. I would have thought that in these circumstances the government would be seeking ways to listen rather than seeking ways to muzzle. The muzzling has occurred in the House of Commons and it is now occurring in the Senate.

I intended to say a word about how people in other countries feel about Canada. I think that generally they have still an admiration for this country and for the people of Canada. They are puzzled and confused at why it is we have made such a lousy job of running our affairs, and why are we so incapable of forming important consensus in the country.

[Senator MacEachen.]

I think it is fair to say that the government cannot disclaim responsibility for this state of affairs. After six and a half years in office with a majority, and with its main objectives completed in the economic front, it cannot say, "Well, we couldn't get our way or we were stopped", because the government has had its way. It has had its way on bills that I opposed and which we opposed on this side, and which I think the public opposed, including the GST. Has the GST made the government more popular? Has the passage of the Unemployment Insurance bill made the government more popular? Has the passage of the pharmaceutical bill made the government more popular? Has the passage of the free trade bill made the government more popular?

All of these items were declared objectives of the Government of Canada. In almost all of them large sections of the public said, "We don't want that", and the government said, "Well, we will take the pain now because it's good for the country. The government believes the public is incapable of knowing all the facts; that the measure is good for Canada and by the time the election comes around they will change, they will be sweet, and maybe that will work." But certainly at the moment the government is not doing very well. It should ask itself what it has been doing wrong, and maybe it might have been better had it listened a bit in the course of the past six or seven years.

I expected the government, in the Speech from the Throne, to lay out some new goals for the country, some new thoughts, a new vision; but it was the same old stale stuff, shop-worn, recycled in the Speech from the Throne which you heard and which I read when I returned to Canada.

I am tempted to take a look back to November, 1984. That was quite a time, let me tell you. I know it ss a call on your recollections to look back and think of the mood prevailing then, but it might be useful to tell us all how fleeting those moments of glory are and how much we should snatch to ourselves the euphoria that comes so rarely. That speech was crafted by a brand-new government recently formed with a strong mandate from the polls. In the speech's own words there existed, "a magnificent opportunity to build a renewed national consensus." It affirmed that this was "the beginning of a new era of national reconciliation, economic renewal and social justice." The key goals were "to breathe a new spirit into federalism and restore the faith and trust of all Canadians in the effectiveness of our system of government; to harmonize policies of our two orders of government, to ensure respect for their jurisdiction and to end unnecessary and costly duplication." That was in 1984—to end unnecessary and costly duplication. Finally, "to complete the 1982 constitutional agreement by making Quebec part of the accord."

That was Constitutional renewal. There would also be economic renewal based on reducing the budget deficit, and controlling the growing burden of the public debt. Investment in research and development would be increased, social justice would be improved, and a renewed Canadian internationalism would be achieved. As could be expected from a new government, pride and prejudice were oozing out of every paragraph

of the 1984 Speech from the Throne. But, at best, the impression was created that here was a government that meant business; here was a government that had the resolve to deliver on its own chosen agenda.

That impression was still continued or perpetuated or propped up by the 1986 Speech from the Throne which contained no less than 39 articulate and special proposals for action.

Even in 1986 I had formed an impression that the glory hours and the glory days were fading. I said that the 1984 Speech from the Throne rested principally on three pillars of wisdom: reconciliation, economic renewal and renewed Canadian internationalism. I added that one might say tha the pillars are there but the roof is caving in.

• (1720)

When I look back to 1986 I cannot fail to have a feeling of nostalgia, because we had at least some pillars left. But now we turn to the desolate scene around us, where the pillars have disappeared and have crumbled to dust. What comes to mind are Shelley's immortal verses in his poem entitled, *Ozymandias*.

> . . . Two vast and trunkless legs of stone
> Stand in the desert . . .
> And on the pedestal these words appear:
> 'My name is Ozymandias, king of kings:
> Look on my works, ye Mighty, and despair!'
> Nothing beside remains. Round the decay
> Of that colossal wreck, boundless and bare
> The lone and level sands stretch far away.

Well, we would not naturally expect a Speech from the Throne to emulate Shelley, but the tone was remarkably subdued, and the substance is almost inaudible.

I want to thank Senators Meighen and Lavoie-Roux for launching us into this debate. In the circumstances their speeches were appropriately restrained and consisted, in part, of an appeal to senators to put aside partisan differences in the interests of Canada. Well, I have not seen any progress in that direction since those speeches were made, certainly not on that side of the house. However, I am prepared to say a word about nonpartisanship insofar as the Constitution is concerned, and to probe as to what the government means by a new period of nonpartisanship.

Let us look first at what was known in 1984 as "the beginning of a new era of national reconciliation" and what is now called "Canadian unity" in the latest Speech from the Throne. The chairman of the Communications Committee no doubt concluded that it was necessary to pour the wine into differently contoured bottles.

I wonder why "national reconciliation", this fundamental pillar of wisdom, was dropped from the government's vocabulary. Surely not because the government in 1984 had misjudged the challenge facing Canada. The 1984 Speech from the Throne clearly stated that "it is obvious that the constitutional agreement is incomplete so long as Quebec is not part of an accord". That was the main challenge. I suggest that the phrase, "national reconciliation" has been dropped out of the government's vocabulary because it has been killed by ridicule.

In 1984, as is now clearly on the record of history, we were not at the beginning of a new era of reconciliation; we were at the beginning of a new era of national adversity. I am conscious of the words that Senators Meighen and Lavoie-Roux used on the subject of nonpartisanship, and my words, which I will utter on this subject, have been restrained, taking into account their advice.

Senator Lavoie-Roux did not fail to note that the constitutional problem was inherited, which may have been her way of saying that a new government starts its management where the outgoing government leaves off. But she was busy in another place and may not be fully aware of what particularly happened in Ottawa, which is so familiar to many of us, and to others who were not in the Canadian Parliament but in the provinces, such as Senator Buchanan.

The constitutional program of the Liberal government—to which a number of us belonged, Senator LeBlanc, myself and others—called for the patriation of the Constitution, the Charter of Rights embedded in the Constitution, an amending formula, and a revision of the allocation of powers between federal and provincial governments.

The first three elements of that program were achieved with the support of the opposition and of a vast majority of Canadians. What I say next and the way I put it will not be said in the same way by others. I say, regretfully, that the Government of Quebec did not accede to the patriated Constitution in circumstances with which we are all familiar. The challenge before the new Conservative Government in 1984 therefore was to obtain Quebec's assent to the Constitution and to achieve the last phase of the Liberal constitutional program, a revision in the allocation of powers designed to modernize our Constitution.

When the Meech Lake Accord was proposed in the Senate chamber and across the country I did make some comments in the Senate briefly, and then I made a long speech in which I said:

> All along, we on this side have fully supported the objective of achieving Quebec's assent to the Constitution. Quebec is now willing to accept it and anxious again to take its full part in the constitutional process. We welcome their move because it is of great significance to our future.

We all know the outcome which Senator Lavoie-Roux calls "disappointing results." The Quebec issue is still unresolved. The country is more divided now than it has ever been since Confederation. After six years are we nearer, I ask, to a review of the allocation of powers?

Political circumstances have become probably more difficult and public opinion is now fatigued, to put it as quietly as possible, of constitutional issues as we embark on a new round of constitutional negotiations. Each of you must have the same experience that I have at witnessing the great amount of

energy that is now exerted on the constitutional question. There are discussions, meetings, conversations and committees. Canadian politicians are spending a very large amount of time on the Constitution at a time when the Canadian public seems to be asking: Please, spend more time on the economy. Certainly it is safe to say that the political preoccupation is concentrated on the Constitution and less concentrated on the Canadian economy.

Well, we have made some progress. Certainly, the Speech from the Throne reveals that the government has had an important and welcome change of heart on the need to consult and to build up a fair degree of consensus among Canadians before closing in on a constitutional deal. We think that should have been done at the time Meech Lake was formulated.

● (1730)

The report of the joint committee that Senator Beaudoin co-chairs will soon be available. Keith Spicer's report will soon be available, and the government will develop new proposals in time for the proposed joint parliamentary committee, to be used in September for consulting Canadians until February of next year. In the meantime, the new Minister Responsible for Constitutional Affairs is also consulting his provincial counterparts. These are positive moves inasmuch as they allow a degree of participation by Canadians in the constitutional process.

This new approach requires answers to two important questions. The government is inviting cooperation from the opposition on the vital issue of national unity. What does the government mean by a nonpartisan approach? There should be no doubt from the statements made by Mr. Chretien and others that we on this side of the house intend to work with an open mind and to the best of our ability to achieve Canadian unity. As Mr. Chretien has said:

> We have to have principles and standby those principles. We will help the government if it does the same thing . . . We want to help the government to solve the national problems . . .

Presumably, nonpartisanship is not a dogma that would prevent honest differences of opinion on what constitutional change will and ought to be. Mr. Chretien has enunciated a number of principles which may not be acceptable to the outcome and which may be a matter of debate; I do not know. However, to characterize a debate expressing strongly held views as partisanship is not in the best interests of creating the goodwill that will be necessary to solve these problems.

I know that Senator Murray and I have had differences of opinion on the events surrounding Meech Lake, but I well recall that the Meech Lake proposals had plenty of cooperation from the national parties. It is not as if Mr. Turner and Mr. Broadbent said to the government, "We will oppose your proposals." Mr. Turner, in my view, went a very long distance in supporting the Meech Lake Accord in the House of Commons and within his own party even though every amendment put forward by the opposition in the House of Commons was defeated. Not a single idea was accepted by the government, for reasons which were stated at the time. It was a "done deal", it was a "seamless web."

We in the Senate had the temerity to make some proposals that were not enthusiastically received in this chamber by supporters of the government but which today look even better with the passage of time, because they are the very items that must be included if we are to have a successful Canada round.

I should like to refer briefly to them. We wanted to include, as a fundamental characteristic of Canada, the recognition of our Aboriginal Peoples, the recognition of regional identities and the advantage of lower trade barriers between the provinces. We wanted to offer more protection to official language minorities by ensuring that Parliament is responsible for promoting as well as preserving official minority language rights. We proposed that the Charter of Rights and Freedoms take precedence so that the basic rights and freedoms of Canadians should not be diminished in the event of conflicts with other clauses of the accord, especially the rights to equality for women. We proposed moves toward an elected Senate through the election of senators to vacant seats and recognized the right of citizens of the Yukon and of the Northwest Territories to senatorial elections. Among other things we proposed clarification of the clause concerning compensation to provinces opting out of national shared-cost programs to ensure greater consistency and minimum stands.

I should complete the list so that it will not be felt that I have left out anything to suit my own convenience. We proposed the elimination of unanimity for Senate reform and a return to the seven-province, 50 per cent population, formula. We proposed that provincehood for the Yukon and Northwest Territories be resolved by those territories and the federal government. We proposed that Aboriginal rights should be a priority in future constitutional conferences. There is nothing left to be said except to speculate on what impact the adoption of a number of these proposals, if not all of them, could have had on the ratification of the Meech Lake Accord.

Mr. Turner, our leader at the time, supported the accord, notwithstanding the government's refusal to entertain any of these amendments. I think, now that Mr. Turner is no longer leader of our party, that he paid a very heavy price in Canadian public opinion and in his own party for his nonpartisanship support of the Meech Lake accord. That is history and politics; I leave it at that. Of course, in the spring of 1990 all the parties made a very big effort to reconcile their differences through the Charest Report. Consensus was achieved, but then the consensus failed. I shall not refer to my amendment when the proposal was made here for the joint committee, an amendment that would have drawn the attention of the committee to one particular amending formula. That was rejected by the government in what was not exactly a show of nonpartisanship, because the amendment, if I may say so, was quite innocuous, important but innocuous.

I wonder how does the government propose to carry forward its view of nonpartisanship. We have from Mr. Clark a first answer when he said in the other place:

> I understand fully that the nonpartisan approach requires the government to involve all of Parliament in basic decisions.

Does that mean that the call for nonpartisanship will extend to all parties, including the Reform Party and the Bloc Quebecois? Does it mean that when the proposed joint committee of Parliament is formed, the co-chairman will be drawn from the opposition parties, contrary to what was done for the joint committee co-chaired by Senator Beaudoin?

• (1740)

Referring to the non-partisan approach, Joe Clark also said:

> That is why the Prime Minister stated explicitly yesterday our willingness to accept sensible proposals from any party or parliamentarian.

I could go along with that. When I was a minister I would accept sensible proposals—any of us would. That does not define "nonpartisanship" which is a very difficult question.

We all know that the Liberal Party has already developed some thoughts on constitutional issues and they can be found in Mr. Chrétien's submission to the Bélanger-Campeau Commission, in his Montreal speech of April 21 and in the resolution of the Quebec party at the May 24-25 convention in Sherbrooke. Is the government prepared to use those thoughts as a basis for discussion and cooperation reaching beyond party lines? If one looks at how the principle of nonpartisanship may be expected to operate in a practical way, does it not mean that the government, in exchange for a nonpartisan approach, should be prepared to proceed only on the basis of consensus? Is it prepared to do that? I do not know; I am asking. That would be true nonpartisanship of the kind President Bush was proposing to the Congress when he told the opposition, in relation to the fast-track authority for the Mexican trade agreement, that they would be involved at every stage of the trade negotiation. He needed a nonpartisan approach to get that fast-track authority and he said that he told Congress he would involve them in every decision, at every turning point in the negotiations. That would be a lot.

How long would this nonpartisanship last? Would it be up to and including the next election? Will nonpartisanship spill over into other related fields? I am raising these questions because so much has been made of it by the government in the Speech from the Throne and by the two senators who moved and seconded the Address in Reply.

I read with interest the comments of Senator Meighen about his grandfather. One of the things I did when I became Leader of the Opposition was to examine the conduct of former Leaders of the Opposition, including Arthur Meighen. I can say that there is no activity which I have undertaken as Leader of the Opposition for which I cannot find an exact replica in the political career of Arthur Meighen as Leader of the Opposition, sometimes as Leader of the Opposition in majority in the Senate. It was a good model.

Senator Murray: He went back and ran for the House of Commons.

Senator MacEachen: Yes, he did. I do not know what that has to do with the argument. He certainly had a view of nonpartisanship which I found compatible with my view of nonpartisanship.

Some Hon. Senators: Oh, oh!

Senator MacEachen: It gave me great amplitude in my activity. I also know that he espoused another form of nonpartisanship which was also intriguing—that senators of either party ought not to pay much attention to the views of their colleagues in the House of Commons. It is a fact that, when he was Leader of the Opposition here, the leader of the party, Dr. Manion, wrote him complaining that he, as leader in the Senate, not only failed to support him, but diverged strongly from some of the positions which Dr. Manion took. He said, "Don't you understand the difficulties this is causing me?" There was a reply from Senator Meighen to the effect, "Well, I understand all of that, but we have a different role in the Senate and our calling is higher than the calling of partisans; so I call the shots as I see them and as we see them in the Senate. We cannot be dominated by the views of the members of the House of Commons."

Personally I think that if the Senate becomes an elected body—as I hope it does—and if it has a regional mission, it cannot fulfil that regional mission unless senators from the regions are prepared to put their party affiliations to one side and to put regional interests ahead of party considerations. Unless that happens in an elected Senate, we will have a carbon copy of the party system as it operates in the House of Commons, and we do not need a carbon copy. I believe that as we consider our constitutional future—and if we believe in an elected Senate—we would be making a great mistake if we carry on into the future the practices that have dominated us in the past.

Honourable senators, there is one other issue that I want to raise at this point, and that is the timing of the government's moves. What is the deadline? Is there a deadline? The Meech Lake Accord was founded on a constitutional deadline. Is the government proceeding leisurely? Is that risky? I was interested to notice that Senator Lavoie-Roux said that this deadline had to have some elasticity. However, I wonder if the government is taking a serious view of the deadline set by the Allaire report and the implementing Quebec legislation. Joe Clark, as reported in the *Globe and Mail*, said, of the possibility of a Quebec deadline, that it—

> —certainly concentrates the mind, but I think it would be wrong to suggest that we are operating against that deadline.

He also said:

> I am not going to pretend that we can do in a short time everything that we need to have done. It is just impossible.

I think that says that the government wants to extend this.

The Prime Minister seemed to support that view when he said:

> The only deadline we face is the time needed to build a consensus among Canadians on how to improve Canada.

Honourable senators, we know that some Quebec spokesmen exhibit a much greater sense of urgency. The Honourable Benoit Bouchard certainly expressed a much greater sense of urgency. He said that only 16 or 17 months were left to negotiate a constitutional deal. He said:

> Whether we like it or not, the countdown has begun.

If, indeed, the countdown has started, there is no time to be lost.

• (1750)

The Leader of the Opposition in the other place, when responding to the Speech from the Throne, put the issue squarely before the government. He said:

> If the Prime Minister does not act quickly, we will again have our back to the wall.

Mr. Chrétien urged the government to put a constitutional proposal before Canadians on June 1, a target date which is now behind us. In a speech in Montreal Mr. Chrétien proposed that the Joint Committee of Parliament should consider these proposals, and he also proposed that within six months, after full consultation with Canadians there be a national referendum early in 1992 in order to avoid a lengthy period of uncertainty. Well, if the Allaire report deadline is not to be as tight as suggested by Mr. Benoit Bouchard, I would say that we still should not waste any time in putting constitutional issues behind us. Other pressing matters have to be addressed. One of them is the economy, and I would like to deal with that. Honourable senators, I should like to move the adjournment of this debate.

On motion of Senator MacEachen, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 107*)

STANDING COMMITTEE ON STANDING RULES AND ORDERS

FIRST REPORT

Tuesday, June 11, 1991

The Standing Committee on Standing Rules and Orders has the honour to present its

FIRST REPORT

Pursuant to Rule 67(1)(f) of the *Rules of the Senate of Canada*, your Committee makes the following recommendations:

1. That Rules 1, 4, 5, 6, 7 and 8 be deleted and the following substituted therefor:

UNPROVIDED CASES

"1. (1) In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada shall, *mutatis mutandis*, be followed in the Senate or in any committee thereof.

(2) The *Rules of the Senate* shall in all cases be interpreted as having priority over any practice, custom or usage described in any of the appendices to the Rules. Any conflict between the appendices and the Rules shall be resolved by reference to the Rules alone.

INTERPRETATION

4. In these rules, unless the context otherwise requires,

(1) "bill" means a draft Act of Parliament and includes a private and a public bill;

(2) "committee" means a committee of the whole, a select committee, whether standing, special or legislative, or a joint committee;

(3) "Committee of the Whole" means a committee composed of the whole body of the Senators;

(4) "Government Leader in the Senate" means the Senator occupying the recognized position of Leader of the Government in the Senate or a Senator acting for that Senator;

(5) "Leader of the Opposition" means the Senator occupying the recognized position of Leader of the Opposition in the Senate or a Senator acting for that Senator;

(6) "Deputy Leader of the Government in the Senate" and "Deputy Leader of the Opposition in the Senate" mean the Senators occupying, respectively, the recognized positions of Deputy Leader of the Government in the Senate and Deputy Leader of the Opposition in the Senate;

(7) "intermediate proceeding" means any item which would be recorded in the *Journals of the Senate;*

(8) "inquiry" means the procedure whereby a Senator, after giving notice in accordance with Rules 43 and 44, calls the attention of the Senate to a particular matter for the purpose of informing the Senate of that matter or having it considered or examined by the Senate;

(9) "joint committee" means a committee composed of members of the Senate and of the House of Commons;

(10) "leave of the Senate" means leave granted without a dissenting voice;

(11) "meeting of the Senate" means the times set out in these rules, or as otherwise ordered, for the Senate to meet for the transaction of business;

(12) "person authorized to be on the floor of the Senate Chamber while the Senate is sitting" means any person so authorized by order of the Senate, Act of Parliament, delegated legislative authority or by custom and practice of the Senate;

(13) "motion" means a proposal made by a Senator that the Senate or a committee thereof do something, order something to be done, or express an opinion concerning some matter;

(14) "one day's notice" means a notice given on any sitting day for a motion or inquiry to be made on the next succeeding sitting day;

(15) "ordered by the Senate" or any expression of like import means ordered by majority decision;

(16) "ordinary daily hour of adjournment" means the time provided in these rules, or as otherwise provided by order of the Senate, for the adjournment of the Senate;

(17) "person" or any word or expression descriptive of a person, includes any body corporate or politic, and the heirs, executors, administrators or legal representative of such person, and words importing male or female persons include persons of either gender;

(18) "petition" means a written prayer presented to the Senate, and includes all petitions whether relating to public or private matters, matters of general policy, or to the redress of local or personal grievances;

(19) "previous question" means a motion "that the original question be now put";

(20) "question", except in respect of the question period and a question of privilege, means a proposal presented to the Senate or a committee thereof by the Speaker or Chairman for consideration and disposal in some manner;

(21) "rule" means any standing rule or standing order of the Senate;

(22) "select committee" means a committee composed of less than the whole body of Senators and includes both a standing committee and a special committee;

(23) "shall" is to be construed as imperative, and "may" as permissive;

(24) "sitting of the Senate" means all the time between the end of prayers and the adoption of a motion to adjourn the Senate;

(25) "special committee" means a select committee other than a standing committee appointed to consider certain matters and to report thereon to the Senate;

(26) "standing committee" means a select committee appointed to consider and to report to the Senate on matters falling within the duties specifically assigned to it by these rules, and on other matters that may from time to time be referred to it by the Senate;

(27) "substantive motion" means an independent motion neither incidental to nor relating to a proceeding or order of the day already before the Senate;

(28) "two days' notice" means a notice where a sitting day intervenes between the day on which the notice is given and the day on which the motion or inquiry is made;

(29) "writing", "written" or any term of like import includes words printed, typewritten, painted, engraved, lithographed, photographed, or represented or reproduced by any mode of representing or reproducing words in a visible form.

SITTING TIMES FOR THE SENATE

"5. (1) Unless otherwise previously ordered,

(a) except as provided in sub-paragraph (b) below, the Senate shall meet for the transaction of business at 2:00 o'clock in the afternoon;

(b) on a Friday, the Senate shall meet for the transaction of business at 9:00 o'clock in the forenoon.

(2) Not later than fifteen minutes prior to the times provided in section (1) above, the bells to call in the Senators shall be sounded and shall cease when a quorum is seen.

(3) At the times provided in section (1) above, the Speaker shall enter the Senate Chamber, whether a quorum is then present or not.

(4) As soon as a quorum is seen the Speaker shall forthwith proceed to prayers.

DAILY HOUR OF ADJOURNMENT

"6. (1) Except as otherwise provided in these Rules or as previously ordered by the Senate, if the Senate is sitting at 12:00 o'clock midnight, the Speaker shall interrupt any proceeding then before the Senate and shall declare that a motion to adjourn the Senate has been deemed to have been moved and adopted and shall leave the Chair until the time provided for the next meeting of the Senate.

(2) Except as otherwise provided in these Rules or as otherwise ordered by the Senate, if the Senate is sitting at 4:00 o'clock in the afternoon on a Friday, the Speaker shall interrupt any proceeding then before the Senate and shall declare that a motion to adjourn has been deemed to have been moved and adopted and leave the Chair until the time provided for the next meeting of the Senate.

(3) Any item of "Government Business" as provided in Rule 21(1) which was under consideration when the Senate adjourned in accordance with the provisions of sections (1) and (2) above, shall be deemed to have been adjourned and shall be placed on the Orders of the Day for the next sitting of the Senate.

(4) Any item of "Other Business" as provided in Rule 21(2), that was under consideration when the Senate adjourned in accordance with the provisions of section (1) above, shall be deemed to have been adjourned and shall be placed for the next sitting of the Senate at the top of the Order of Business for the consideration of "Other Business".

SUSPENSION OF SITTING

"7. (1) When a standing vote has been deferred, pursuant to Rule 51(1), and is to be held during a sitting at 5:30 o'clock p.m., if the Senate completes its business on that day before this time, no motion to adjourn the Senate shall be received until after the deferred vote has been taken and business pursuant thereto has been completed.

(2) When the Senate has completed its business for that day prior to the time for the taking of a deferred vote, the Speaker shall suspend the sitting until 5:15 o'clock p.m., whereupon the bells to call in the Senators shall be sounded until 5:30 o'clock p.m. and the Speaker shall proceed to take the deferred vote in accordance with the provisions of Rules 49(3) and 51(1).

PROCEDURE ON FIRST DAY

"8. On the first day of each session of Parliament, a bill is read *pro forma* and the Speech from the Throne is reported by the Speaker.

QUORUM

"9. (1) A quorum, consisting of fifteen Senators, including the Speaker, shall be required for the Senate to transact business.

(2) During any sitting of the Senate, when a Senator draws the attention of the Senate to the possible lack of quorum, the Speaker:

(a) shall order the bells to call in the Senators to be sounded for not more than fifteen minutes; and

(b) summon the Senators who may be in the adjoining rooms.

(3) If no quorum is seen after the time provided in sub-paragraph (2)(a) above, the Speaker shall adjourn the Senate until the next sitting day without the question being put.

(4) Except if the item before the Senate is a motion moved in accordance with Rule 48(1), the item of business under consideration when the Speaker adjourns the Senate pursuant to section (3) above, shall be placed on the Orders of the Day for consideration at the next sitting of the Senate."

DINNER HOUR INTERRUPTION

2. That the *Rules of the Senate* be amended by deleting Rule 12 and substituting the following therefor:

"12. (1) Except as provided in section (2) below, and elsewhere in these rules, if, at 6:00 o'clock in the afternoon, the business be not concluded, the Speaker or the Chairman of the Committee leaves the Chair until 8:00 o'clock, the Mace being left on or under the Table, as the case may be.

(2) If at the time provided in section (1) above, a standing vote has been ordered, the Speaker or the Chairman shall not leave the Chair until such standing vote has been taken and any formal business immediately consequent thereon has been completed."

ADJOURNMENT MOTIONS

3. That the *Rules of the Senate* be amended by adding the following new Rule immediately after Rule 13:

"14. (1) A motion to adjourn the Senate, unless otherwise prohibited in these Rules or unless otherwise ordered by the Senate, shall always be in order.

(2) A motion to adjourn the Senate can only be moved when the Senator moving the motion has the floor to speak to a question before the Senate and not on a point of order.

(3) When a motion is moved, in accordance with the provisions of sections (1) and (2) above, the Speaker shall put the question forthwith without debate or amendment.

(4) Any standing vote, requested pursuant to Rule 49(3), in relation to any motion moved in accordance with section (1) and (2) above, shall not be deferred but shall be taken in accordance with the provisions of Rule 50(1).

(5) If the Senate resolves in the negative on a motion moved pursuant to section (2) above, no second motion to the same effect shall be received until some intermediate proceeding has taken place."

POSTPONEMENT OF SITTINGS

4. That the *Rules of the Senate* be amended by deleting Rules 14A, 15, 16 and 17 and substituting the following therefor:

"15. (1) During any adjournment of the Senate, if the Speaker is satisfied that the public interest requires that the Senate meet at an earlier time than that provided in the motion for such adjournment, the Speaker may call such a meeting. In so doing the Speaker shall send a notice to each Senator at the address last filed by the Senator with the Clerk of the Senate and to the Senator's office in Ottawa. Such notice shall indicate the time of the meeting of the Senate.

(2) During any adjournment of the Senate, if the Speaker is satisfied that the public interest does not require the Senate to meet at the time provided in the order of adjournment the Speaker shall:

(a) consult the Leader of the Government in the Senate and the Leader of the Opposition in the Senate, or, in each case, their designate;

(b) determine an appropriate date for the next sitting of the Senate; and

(c) cause to be sent a notice to each Senator, at the address last filed by the Senator with the Clerk of the Senate and to the Senator's office in Ottawa, setting out the time of the next sitting of the Senate.

(3) Non-receipt by a Senator of the notices referred to in sections (1) and (2) does not affect the validity of the notice.

(4) In the absence of the Speaker, or when the office of the Speaker is vacant, the Clerk of the Senate may act for the purposes of this Rule.

ROLE OF THE SPEAKER

"16. (1) The Speaker shall preserve order and decorum in the Senate. In doing so the Speaker may act without a want of order or decorum being brought to his or her attention. Furthermore, the Speaker shall be authorized to act on his or her own initiative to interrupt any debate to restore order or to enforce the *Rules of the Senate*. In the case of grave disorder, the Speaker may suspend the sitting of the Senate for a period not to exceed three hours.

(2) The Speaker shall decide points of order and when so doing shall state the reasons for the decision together with references to the rule or other written authority applicable to the case.

(3) When the Speaker has been asked to decide any question of privilege or point of order he or she shall determine when sufficient argument has been adduced to decide the matter, whereupon the Speaker shall so indicate to the Senate, and continue with the item of business which had been interrupted or proceed to the next item of business, as the case may be.

(4) Except in accordance with the provisions of Rule 31(5), all decisions of the Speaker shall be subject to appeal to the Senate, and such an appeal shall be decided forthwith, without debate.

(5) When the Speaker rises, all other Senators shall remain seated or shall resume their seats.

DECORUM

"17. During any sitting of the Senate,

(1) Neither Senators nor any person authorized to be on the floor of the Senate Chamber while the Senate is sitting shall pass between the Chair and the Table, nor between a Senator who has the floor and the Chair.

(2) When entering, leaving or crossing the Senate Chamber, Senators shall bow to the Chair, symbol of the authority of the Senate.

(3) If Senators have occasion to have private conversations in the Senate Chamber, they shall go below the Bar, otherwise the Speaker shall order them so to do.

(4) No person, nor any Senator, shall bring any electronic device which produces any sound, whether for personal communication or other use into the Senate Chamber, whether on the floor, inside the Bar, outside the Bar or in the galleries.

(5) The provisions of section (4) above shall not apply in the case of sound amplification devices used to aid hearing, so long as such devices cannot be heard by other Senators.

"STRANGERS"

"18. (1) If at any sitting of the Senate, or in Committee of the Whole, a Senator shall take notice that strangers are present, the Speaker or the Chairman (as the case may be) shall forthwith put the question "That strangers be ordered to withdraw.", without permitting any debate or amendment.

(2) When the Speaker or the Chairman shall think fit, either of them may order the withdrawal of strangers from any part of the Senate, without a prior order of the Senate to that effect.

(3) When the Senate orders the withdrawal of strangers, the galleries shall be cleared, but those authorized to enter the Senate Chamber and to be on the floor of the Senate while it is in session shall continue to have free access to the Senate."

SENATORS' STATEMENTS

5. That Rule 19 be deleted and the following substituted therefor:

"19. (1) At each daily sitting of the Senate, at the times provided in Rule 5(1) and immediately after prayers, as provided in Rule 5(3), except as provided in section (2) below, the Speaker shall call for "Senators' Statements".

(2) During any sitting, when an application for leave pursuant to Rule 47 has been received and disposed of, the Speaker shall not call for "Senators' Statements" but shall forthwith proceed with Routine of Business laid out in Rule 20(1) below.

(3) When the Senate is considering "Senators' Statements" any Senator, who has previously given notice to the Clerk of the Senate in accordance with the provisions of Rule 35(3) or (4), may give oral notice of a question of privilege he or she intends to raise later in the sitting. Priority shall be given to Senators who have given such notice, in accordance with the provisions of Rule 35(10).

(4) When "Senators' Statements" has been called, Senators may, without notice, raise matters they consider need to be brought to the urgent attention of the Senate. In particular, Senators' statements should relate to matters which are of public consequence and for which the Rules and practices of the Senate provide no immediate means of bringing the matters to the attention of the Senate. In making such statements, a Senator shall not anticipate consideration of any Order of the Day and shall be bound by the usual rules governing the propriety of debate. Matters raised during this period shall not be subject to debate.

(5) Senators wishing to draw the attention of the Senate to the presence in the gallery of a distinguished visitor shall do so by prior written notice to the Speaker. The Speaker shall, when the visitor is in the gallery, rise and draw the attention of the Senate to the presence in the gallery of that visitor.

(6) Senators making interventions during this time shall be limited to speaking once for no more than three minutes; however, a Senator may seek leave to extend his or her remarks.

(7) If a Senator has asked leave to extend his or her remarks, the Speaker shall ask whether such leave is granted and, if such leave is granted, the Senator may continue his or her remarks until not later than the end of the time provided for "Senators' Statements".

(8) At any time during the time provided for consideration of "Senators' Statements", either Whip may approach the Speaker and request that the time provided for the item be extended. If such a request is received, the Speaker shall so inform the Senate at the next opportunity and shall, at the end of the time provided for the item, ask if the Senate grants leave to extend the time provided for the item and, if such leave is granted, the time provided for the item will be extended for a period not to exceed thirty minutes.

(9) If the time provided for the item is extended pursuant to section (8) above, and the Senate has not completed its business prior to 6:00 o'clock p.m. on that day, the Speaker shall not leave the Chair as provided by Rule 12 but shall remain for a period equal to the time taken for the extended consideration of "Senators' Statements", whereupon the Speaker shall leave the Chair in accordance with the provisions of Rule 12.

(10) During the time provided for "Senators' Statements" no standing vote shall be permitted and the provisions of Rule 26 shall not apply.

DAILY ROUTINE OF BUSINESS

"20. (1) During the time provided for the consideration of the Daily Routine of Business and the daily Question Period, it shall not be in order to raise any question of privilege or point of order. Any question of privilege or point of order to be raised in relation to any notice given during this time can only be raised at the time the Order is first called for consideration by the Senate.

(2) The Introduction and First Reading of Government, Public and Private Bills are *pro forma* stages of consideration and shall be decided without debate or standing votes. In such cases the provisions of Rule 49(3) shall not apply.

(3) Except as provided in section (4) below, any standing vote requested during the consideration of the Daily Routine of Business shall stand deferred until 5:30 o'clock in the same afternoon.

(4) The provisions of section (3) above shall not apply to dilatory or procedural motions, which can be moved without notice and must be decided without debate. In such cases, the provisions of Rule 50(1) shall apply and the time required for the taking of the standing vote shall not be considered as part of the time provided for the Daily Routine of Business in section (6) below.

(5) Except as otherwise provided by order of the Senate, or as provided elsewhere in these Rules, when the Senate is sitting:

(a) at 8:00 o'clock p.m. if the Speaker has not called the Orders of the Day, he shall do so. If the usual order of business is interrupted for the consideration of a motion moved in accordance with the provisions of Rule 36(1) or 48(1) or for consideration of a question of privilege in accordance with the provisions of Rule 35, at 8:00 o'clock p.m., the Orders of the Day shall be deemed to have been called and been interrupted for the consideration of the said question or motion;

(b) at 12:00 o'clock noon on a Friday if the Speaker has not called the Orders of the Day, he shall do so. If the usual order of business is interrupted for the consideration of a motion moved in accordance with the provisions of Rule 36(1) or 48(1) or for consideration of a question of privilege in accordance with the provisions of Rule 35, at 12:00 o'clock noon on a Friday, the Orders of the Day shall be deemed to have been called and been interrupted for the consideration of the said question or motion.

(6) Except pursuant to Rule 19(2) and (7), not later than fifteen minutes after the Speaker has called for "Senators' Statements" regardless of the item then before the Senate, the Speaker shall interrupt the business then before the Senate and shall call the Daily Routine of Business in the following order:

Tabling of Documents

Presenting Reports from Standing or Special Committees

Government Notices of Motion

Introduction and First Reading of Government Bills

Introduction and First Reading of Senate Public Bills

First Reading of Commons Public Bills

Reading of petitions for Private Bills

Introduction and First Reading of Private Bills

Presenting Reports from Inter-parliamentary delegations

Notices of Motions

Notices of Inquiries

Presenting Petitions.

(7) Not later than 30 minutes after the first item is called in accordance with section (6) above, regardless of the progress then made on the items listed therein, the Speaker shall interrupt any proceedings then before the Senate and shall forthwith call for the following:

Question Period.

(8) Not more than 30 minutes after the Speaker calls for "Question Period", regardless of progress made on the items listed in section (6) and (7) the Speaker shall call for:

Delayed Answers

Orders of the Day

Inquiries

Motions."

SENATE BUSINESS

6. That the *Rules of the Senate* be amended, as follows:

(a) by deleting Rule 21 and substituting the following therefor:

"21. Unless otherwise ordered by the Senate and except as provided elsewhere in these Rules, the Orders of the Day shall take precedence over all other business according to the following order of priority:

(1) Government Business:

(a) Orders of the Day for the third reading of government bills;

(b) Orders of the Day for the consideration of reports from committees in relation to government bills;

(c) Orders of the Day for the second reading of government bills;

(d) Orders of the Day for the consideration of government motions; and

(e) Orders of the Day for the consideration of other government business.

(2) Other business shall be considered after government business has been disposed of for that sitting in the following order of priority, except as provided in Rule 8(3):

(a) Orders of the Day for third reading of Senate public bills;

(b) Orders of the Day for the third reading of Commons public bills;

(c) Orders of the Day for the third reading of private bills;

(d) Orders of the Day for the consideration of reports from committees in relation to Senate public bills;

(e) Orders of the Day for consideration of reports from committees in relation to Commons public bills;

(f) Orders of the Day for the consideration of reports from committees in relation to private bills;

(g) Orders of the Day for the second reading of Senate public bills;

(h) Orders of the Day for the second reading of Commons Public bills;

(i) Orders of the Day for the second reading of private bills;

(j) Orders of the Day for the consideration of adjourned debates on substantive motions other than government motions;

(k) Orders of the Day for continuing adjourned debates on inquiries;

(l) Orders of the Day called and not proceeded with; and

(m) Orders of the Day not called when the Senate adjourned.

GOVERNMENT DESIGNATES SEQUENCE OF CONSIDERATION

(b) by adding the following new Rules immediately after proposed Rule 21:

"22. (1) Except as otherwise ordered by the Senate or as provided elsewhere in these Rules, government business shall have priority over all other business before the Senate. Government business shall be called and considered in such sequence as the Leader of the Government in the Senate or the Deputy Leader of the Government in the Senate shall determine.

(2) Except as provided in section (3) of this rule, or unless otherwise previously ordered, all Orders of the Day, if not disposed of before the adjournment of the Senate, shall stand on the *Order Paper* for the next sitting.

(3) Unless previously ordered, any item under "Other Business", "Inquiries" and "Motions" that has not been proceeded with during fifteen sittings shall be dropped from the *Order Paper*.

TABLING OF DOCUMENTS

"23. (1) Whenever an Act of Parliament, or any resolution or Rule of the Senate, requires that a return or report be laid before the Senate, the same may be deposited with the Clerk of the Senate. When so deposited, such return, report or other paper shall be deemed for all purposes to have been presented or laid before the Senate.

(2) A record of any paper tabled pursuant to section (1) shall be entered in the *Minutes of the Proceedings* of the same day.

(3) The Leader of the Government in the Senate or the Deputy Leader of the Government in the Senate may lay upon the Table, at the time provided in Rule 20(6), other papers dealing with the administrative responsibilities of the government. Such papers shall be deemed presented and laid before the Senate for all purposes.

(4) With the leave of the Senate, at the time provided in Rule 20(6), any Senator may lay upon the Table any paper relating to the business before the Senate, whereupon the same shall be deemed to have been laid upon the Table for all purposes.

(5) A record of any paper laid upon the Table pursuant to sections (3) and (4) shall appear in both the *Minutes of the Proceedings* and the *Debates of the Senate* of the same day."

RECOGNITION OF SENATORS

7. That the *Rules of the Senate* be amended as follows:

(a) by deleting Rules 26 to 28 and substituting the following therefor:

"26. (1) When two or more Senators rise to speak at the same time, the Speaker shall call upon the Senator who, in the Speaker's opinion, first rose.

(2) In the circumstances provided in section (1) above, before the Senator recognized by the Speaker has begun to speak, a third Senator may rise on a point of order and propose a motion naming another Senator who had risen and proposing that this other Senator "be now heard" or "do now speak", and the question on such a motion shall be put forthwith without debate or amendment.

(3) If the Senate adopts a motion moved pursuant to section (2) above, the motion shall be deemed to be an order of the Senate that the Senator named in the motion be given the floor. The Senator so named shall have the floor until that Senator's intervention has been completed or the Senator's time has expired, and no further motion to the same effect shall be received until that time.

(4) If the Senate does not adopt a motion moved pursuant to section (2) above, the motion shall be deemed to be an order of the Senate that the Senator first recognized be given the floor. No further motion to the same effect shall be received until the Senator, first recognized, has completed his or her intervention.

RULES OF DEBATE

"27. (1) Only one Senator shall have the floor at any one time. However, a Senator may yield the floor to another Senator.

(a) If a Senator wishes to seek leave of the Senator who has the floor to speak, that Senator shall not be recognized unless the Senator who has the floor first says "I yield the floor to Honourable Senator _____".

(b) If the Senator first recognized yields the floor, then that Senator shall not again be recognized in that debate. That Senator will be deemed to have spoken and may speak again only with the leave of the Senate.

(c) The Senator to whom the Senator first recognized yielded the floor would be able to speak for the remainder of the time allotted to the Senator from whom he or she received the floor and would be considered as having spoken in the debate and could not again speak in the debate except with the leave of the Senate.

(2) The provisions of section (1) shall not apply if a Senator yields the floor for a question.

(a) In such a case, the Senator first recognized would be recognized again after the questioner was finished, but the entire exchange would be considered as part of that Senator's time for that debate.

(b) If a Senator is recognized to ask a question, that Senator is not considered to have spoken in the debate unless the Senator of whom he or she asked the question yielded the floor as provided in section (2) above. If the Senator merely asked a question, he or she would not be considered as having spoken and could be recognized to debate the question before the Senate."

SPEECH LIMITS - SENATE BUSINESS

(b) by adding the following new rules:

"31. Except as otherwise provided in these rules, or as otherwise ordered by the Senate:

(1) No Senator shall speak more than once. However, if a material part of the Senator's speech has been misunderstood, the Senator may speak again in the same debate. In such a case, the Senator, with leave of the Senate, shall be permitted no more than one period of five minutes to explain that part of the speech which was misunderstood. In so doing, the Senator shall not introduce new matters.

(2) The Leader of the Government in the Senate and the Leader of the Opposition in the Senate shall be permitted unlimited time for debate.

(3) The sponsor of a bill and the first Senator speaking immediately thereafter shall be permitted not more than forty-five minutes each for debate, inclusive of any question or comments from other Senators which they may permit in the course of their remarks.

(4) Except as provided in sections (2) and (3) above, no Senator shall speak for more than fifteen minutes, inclusive of any question or comments from other Senators which the Senator may permit in the course of his or her remarks.

(5) The Clerk of the Senate shall keep a record, which can be consulted at the Table, of the time taken by each Senator in each debate. The Clerk shall inform the Speaker whenever a Senator is about to exceed the time provided for his or her remarks. When a Senator is about to exceed the time limits provided in these Rules, or as ordered by the Senate, the Speaker shall call the matter to the attention of the Senator. When the Senator's time has expired, the Speaker shall call that Senator to order and that Senator shall not again be recognized to debate the same question before the Senate and the Speaker shall recognize some other Senator, or if the debate is then concluded, shall put the question.

ALLOCATION OF TIME

By Agreement

"32. At any time while the Senate is sitting, the Leader of the Government in the Senate or the Deputy Leader of the Government in the Senate may state from his or her place in the Senate, that there is an agreement among the representatives of the parties in the Senate to allot a specified number of days or hours to the proceedings at one or more stages of any item of government business. At the same time, without notice, the said Leader or Deputy Leader may propose a motion setting forth the terms of such agreed allocation and every such motion shall be decided forthwith without debate or amendment.

ALLOCATION OF TIME

Without Agreement

"33. (1) At any time while the Senate is sitting, the Leader of the Government in the Senate or the Deputy Leader of the Government in the Senate, from his or her place in the Senate, may state that the representatives of the parties have failed to agree to allocate a specified number of days or hours for consideration of any stage of consideration of any adjourned debate on any item of government business. If so, at that time the said Leader or Deputy Leader may give notice of the terms of a motion to allocate a specified number of hours or days of debate on the said stage of consideration of the said item. Such motion shall be placed on the Orders of the Day under "Government Motions" for the next sitting day.

(2) In the event of a motion being moved pursuant to section (1) of this rule, the motion shall provide for at least:

(a) a further six-hours debate on any substantive motion, except as provided below;

(b) a further six-hours debate on a motion for second reading of a public bill;

(c) one calendar day (in the period Monday to Friday) for a standing or special committee or a Committee of the Whole to report a bill back to the Senate failing which, at midnight on that day, the bill would be deemed to have been reported back without amendment; or

(d) a single period of a further six-hours debate, in total, to dispose of both the report and the third reading stages of a public bill.

(3) Except as provided in sub-paragraph (2)(d) above, no motion moved pursuant to Rule 33 shall allocate time to more than one stage of consideration of any item of government business.

(4) Except as provided below, the provisions of Rules 50 and 51 shall apply to the taking of any standing vote in relation to every Order of the Day to which time is allocated for debate, pursuant to Rule 32 or 33 and shall be considered in accordance with the following provisions:

(a) except as provided in sub-paragraph (b) below, when debate on such an Order of the Day is concluded, or when the time provided for such a debate expires, the Speaker shall forthwith put the question without any further debate or amendment and any standing vote requested in relation thereto shall be deferred until 5:30 o'clock in the afternoon of the next day thereafter on which the Senate sits.

(b) if debate on such an Order of the Day is concluded or the time provided for the debate expires prior to 5:30 o'clock p.m., the Speaker shall forthwith put the question and any standing vote requested in relation thereto shall not be subject to the provisions of Rule 51 and shall be deferred until 5:30 o'clock p.m. of the same afternoon.

(5) When an Order of the Day has been called, to which a specified period of time has been allocated for its consideration, is under consideration:

(a) at the ordinary daily hour of adjournment, the Senate shall not adjourn but shall continue consideration of the said Order of the Day until the debate has concluded or the time provided for the debate has expired, whereupon the Speaker shall proceed to put the question or questions;

(b) when the question is put pursuant to sub-paragraph (a) above, the Speaker shall thereupon declare that a motion to adjourn the Senate has been deemed to have been made and adopted and leave the Chair until the time provided for the next meeting of the Senate;

(c) when the Senate would otherwise take its dinner hour interruption in accordance with the provisions of Rule 12, the sitting shall not be interrupted until the debate is concluded, or the time provided for the consideration of the Order of the Day has expired, whereupon the Speaker shall put the question or questions necessary to dispose of the Order of the Day;

(d) whenever the question has been put pursuant to the provisions of sub-paragraph (c) above, any standing vote requested in relation thereto shall be taken in accordance with the provisions of Rule 50;

(e) when such an Order of the Day is under consideration at the time provided for taking a deferred standing vote, such consideration shall be interrupted and the Senate shall resume consideration of the said Order of the Day immediately after it has completed all business related to the item to which a standing vote had been requested in accordance with Rule 49(3).

(6) When consideration of an Order of the Day, to which a specified period of time has been allocated, is interrupted for the consideration of a motion moved in accordance with the provisions of either Rule 36(1) or 48(1), once the said motion or motions have been disposed of, the Senate shall immediately proceed to resume consideration of the Order of the Day.

(7) When an Order of the Day has been called, to which a specified period of time has been allocated for its consideration, the same shall not be adjourned and no amendment thereto, nor other motion, except that a certain Senator be now heard or do now speak, shall be received.

"34. (1) When an Order of the Day for a motion to allocate time for the consideration of any item of government business, is called:

(a) the same shall not be adjourned and no amendment thereto, nor other motion, except that a certain Senator be now heard or do now speak, shall be received;

(b) the Speaker shall interrupt any proceeding then before the Senate and put every question necessary to dispose of the motion not later than two and one half hours after the order is called; and

(c) any standing vote requested in relation thereto shall not be deferred and shall be taken subject to the provisions of Rule 50(1).

(2) During debate on the motion:

(a) no Senator shall speak more than once;

(b) the Leader of the Government in the Senate and the Leader of the Opposition in the Senate may each speak for no longer than thirty minutes;

(c) except as provided in sub-paragraph (b) above, no Senator may speak for longer than ten minutes; and

(d) whenever the debate is interrupted pursuant to Rule 12, the debate shall be resumed when the sitting is resumed."

QUESTIONS OF PRIVILEGE

8. That Rule 33 be deleted and the following substituted therefor:

"35. (1) The preservation of the privileges of the Senate is the duty of every Senator. A violation of the privileges of any one Senator affects those of all Senators and the ability of the Senate to carry out its functions outlined in the *Constitution Act, 1867*. Action to ensure such protection takes priority over every other matter before the Senate. However, to be accorded such priority, a putative question of privilege must meet certain tests. It must, *inter alia*,

(a) be raised at the earliest opportunity;

(b) be a matter directly concerning the privileges of the Senate, of any committee thereof, or any Senator;

(c) be raised to seek a genuine remedy, which is in the Senate's power to provide, and for which no other parliamentary process is reasonably available; and

(d) be raised to correct a grave and serious breach.

(2) If the matter is not raised at the earliest opportunity, the Senator raising the matter may put it on notice, but the matter cannot be proceeded with under the terms of this Rule.

(3) Except as provided in section (4) below, a Senator wishing to raise a question of privilege shall, at least three hours before the Senate meets for the transaction of business, give a written notice of such question to the Clerk of the Senate.

(4) A Senator wishing to raise a question of privilege on a Friday shall, at not later than 6:00 o'clock p.m. on the immediately preceding Thursday, give a written notice of such question to the Clerk of the Senate.

(5) Immediately upon receipt of a notice required in sections (3) and (4) above, the Clerk of the Senate shall arrange for the immediate translation and dispatch, to each Senator's office address in Ottawa, of a copy of the original notice and the translation.

(6) The non-receipt by any Senator of a copy of the notice required to be distributed pursuant to section (5) above, shall not affect the validity of the notice, nor can it be raised as a reason to delay the consideration of the question of privilege.

(7) A Senator having given a notice, in accordance with sections (3) or (4) above, shall be recognized during the time provided for the consideration of "Senators' Statements", for the purpose of giving oral notice of the question of privilege. In doing so, the Senator shall indicate that he or she is prepared to move a motion either calling upon the Senate to take action in relation to the matter complained of or referring the matter to the Standing Committee on Privileges, Rules and Orders.

(8) Except as provided in section (9) below, the Senate shall take up consideration of whether the circumstances constitute a question of privilege at not later than 8:00 o'clock p.m., or immediately after the Senate has completed consideration of the Orders of the Day for that sitting, whichever comes first.

(9) On a Friday, consideration of whether the circumstances constitute a question of privilege shall be taken up at not later than 12:00 o'clock noon or when the Senate has completed consideration of the Orders of the Day for that sitting, whichever comes first.

(10) The order in which the notices were received by the Clerk of the Senate shall determine the order of consideration of questions of privilege.

(11) Debates on distinct questions of privilege shall be taken *seriatim*, with the debate on the first being concluded prior to the next being raised. The Speaker shall regulate the debate in accordance with the provisions of Rule 16(3).

(12) The Speaker shall determine whether a *prima facie* case of privilege has been made out. In making a ruling, the Speaker shall state the reasons for that ruling, together with references to any rule or other written authority relevant to the case.

"36. (1) When a *prima facie* case of privilege has been established, the Senator who raised the matter may move a motion calling upon the Senate either to take action on the matter or to refer the matter to the Standing Committee on Privileges, Standing Rules and Orders for investigation and report.

(2) Such a motion can be moved only immediately following the Speaker's decision and it shall be considered in accordance with the provisions of sections (3), (4), (5), (6) and (7), below.

(3) Except as provided in section (4) below, the debate on any motion moved in accordance with section (1) above shall commence on the same day at not later than 8:00 o'clock p.m. or when the Senate has completed consideration of the Orders of the Day for that sitting, whichever comes first.

(4) On a Friday the debate on any motion moved in accordance with section (1) above shall commence at not later than 12:00 o'clock noon or when the Senate has completed consideration of the Orders of the Day for that sitting, whichever comes first.

(5) When a motion is moved in accordance with the provisions of section (1) above during debate on the motion, no Senator shall speak more than once, nor for more than fifteen minutes.

(6) During a debate on a motion moved in accordance with the provisions of section (1) above,

(a) a motion to adjourn pursuant to Rule 37(1) may be received. If the debate on the said motion is adjourned, it shall be placed on the Orders of the Day in accordance with the provisions of Rule 21(2)(j);

(b) if the debate on the motion is still before the Senate at its ordinary daily hour of adjournment, the Senate shall not adjourn but shall continue with the debate until the time provided for the same has expired or the debate is concluded, whereupon the Speaker shall put the question on the said motion and any standing vote requested in relation thereto shall stand deferred until 5:30 o'clock p.m. on the next sitting day.

(7) After not more than three hours of debate, the Speaker shall interrupt, if necessary, and put forthwith and successively every question necessary to dispose of the motion without permitting any further debate or amendment. Any standing vote requested in accordance with Rule 49(3) in relation to any such question shall be subject to the provisions of Rule 51.

(8) If the Senate had previously completed consideration of the Orders of the Day for that sitting, after the debate on the motion is concluded and the question has been put, a motion to adjourn the Senate shall be deemed to have been moved and adopted.

(9) If the Senate had not previously concluded consideration of the Orders of the Day when the debate began on the motion, moved in accordance with the provisions of section (1) above,

(a) when the time provided for the consideration of the said motion has expired or when the debate on the same has concluded, the Speaker shall forthwith put the question, whereupon the Senate shall resume the consideration of the Orders of the Day where that consideration was interrupted when the motion was moved;

(b) the rules regarding the ordinary daily hour of adjournment shall be suspended thereafter for a period not to exceed the period taken during the consideration of the said motion for the purpose of considering the Orders of the Day;

(c) if consideration of the Orders of the Day is concluded prior to the expiry of the period of time provided in sub-paragraph (b) above, the Speaker shall declare that a motion to adjourn has been deemed to have been moved and adopted and shall leave the Chair until the time provided for the next meeting of the Senate; and

(d) not later than the expiry of the time provided in sub-paragraph (b) above, the Speaker shall interrupt the proceedings then before the Senate and declare that a motion to adjourn has been deemed to have been moved and adopted and shall leave the Chair until the time provided for the next meeting of the Senate."

ADJOURNMENT OF SENATE BUSINESS

9. That the *Rules of the Senate* be amended by deleting Rule 36(2) and substituting the following therefor:

"37. (1) A motion to adjourn a debate on an item, other than an item of government business, shall be deemed to be a motion to postpone that debate to the day specified in the motion, or, if no day is specified, to the next sitting day. In either case, the said item shall stand on the *Order Paper* in the name of the Senator who moved the adjournment, or another Senator, if so indicated.

(2) A motion to adjourn the debate on any item of government business shall be deemed to be a motion to postpone that debate to the next sitting day. In this case, the item shall not stand on the Orders of the Day or the *Order Paper* in any Senator's name and may be called pursuant to Rule 22(1)."

NOTICES

10. That Rules 45 and 46 be deleted and the following substituted therefor:

"45. (1) One day's notice shall be given of any of the following motions:

(a) to suspend any rule or any part thereof;

(b) except as otherwise provided in these Rules, for the third reading of a bill;

(c) for any substantial amendment to a bill reported by a committee;

(d) for the appointment of a standing committee;

(e) for the reference of the subject-matter of a bill to a standing or special committee;

(f) for an instruction to a committee;

(g) for the adoption of a report from any standing committee;

(h) for an adjournment of the Senate, except the ordinary daily adjournment as provided in Rule 6(1) or (2) or under Rules 14 and 36(1);

(i) for the making of a substantive motion;

(j) for any purpose to which neither Rule 44 nor Rule 46 applies.

(2) Where a Senator wishes to correct irregularities or mistakes in an order, resolution, or other vote of the Senate, the Senator shall give one day's notice, and a correction shall not be made unless at least two-thirds of the Senators present vote in favour of such correction.

"46. Notice is not required for:

(1) An amendment, or an amendment to an amendment, to a question;

(2) Referral of a question to a committee;

(3) Postponement of consideration of a question to a certain day;

(4) The previous question;

(5) Reading of the Orders of the Day;

(6) Adjournment of the Senate pursuant to the provisions of Rule 14;

(7) Adjournment of a debate in accordance with the provisions of Rule 37;

(8) Consideration forthwith or at a future sitting of Commons amendments to a public bill;

(9) Appointment of a Committee to prepare the Senate's reasons for disagreement with a Commons amendment;

(10) Raising a question of privilege;

(11) Introduction of a bill;

(12) First reading of a bill;

(13) Postponement, discharge, or revival of an Order of the Day;

(14) Consideration of any matter at a future sitting which is on the Table of the Senate;

(15) Consideration, while in the Committee of the Whole, of any clause of a bill already agreed to;

(16) To resolve the Senate into a Committee of the Whole;

(17) Immediate presentation of papers proposed by the Leader of the Government in the Senate or another Senator who is a Minister of the Crown, except as otherwise provided in these rules;

(18) Other motions of a merely formal or uncontentious character."

EMERGENCY DEBATES

11. That the *Rules of the Senate* be amended by adding, immediately after Rule 46, the following new Rules:

"47. (1) A Senator wishing to move, "That the Senate do now adjourn" for the purpose of raising a matter of urgent public importance, shall seek leave by providing a written notice, at least three hours prior to the time provided for the meeting of the Senate, to the Clerk of the Senate. If the application is to be heard on a Friday the notice must be delivered to the Clerk not later than 6:00 o'clock in the afternoon of the Thursday next preceding that Friday. Such notice shall briefly outline the situation which the Senator claims to be of urgent public importance and shall outline the reasons why it should be so considered. The matter proposed for discussion:

(a) must relate to a genuine emergency, calling for urgent consideration by the Senate;

(b) must not revive a discussion previously taken up in the same Session pursuant to this Rule;

(c) cannot raise any question which, according to the *Rules of the Senate*, can only be debated on a distinct motion under notice;

(d) cannot raise matters which form, in substance, a question of privilege.

(2) When a notice is received in accordance with section (1) above, the Clerk of the Senate shall arrange for its immediate translation and distribution to each Senator's office in Ottawa, and shall ensure that the same is distributed in the Senate Chamber to all Senators.

(3) The non-receipt by any Senator of a notice required to be distributed pursuant to section (2) shall not affect the validity of the notice, nor can it be used as a reason not to proceed with the consideration of the application, nor to cause a delay in the proceeding.

(4) When the Senate meets, after a notice or notices has or have been received and distributed pursuant to sections (1) and (2) above, the Speaker shall, instead of calling "Senators' Statements", recognize the Senator or Senators who gave notice, in the order in which their notices were received.

(5) Subject to the provisions of section (7), below, the Senator raising the matter shall give reasons why leave should be granted to put the regular Order of Business aside to consider the matter contained in the notice.

(6) In seeking leave, the Senator shall speak once, for no more than five minutes, to explain why the matter should be given urgent consideration and:

(a) how it concerns the administrative responsibilities of the government or could come within the scope of departmental action; and

(b) give reasons why the Senate will not likely have another opportunity to consider the matter within a reasonable period of time.

(7) The Senate shall consider whether the situation, outlined in the notice and the reasons given pursuant to sections (1) and (5) above, meet the criteria for other business to be put aside. During such a debate:

(a) no Senator shall speak more than once or for longer than five minutes; and

(b) no other motion shall be received.

(8) After not more than fifteen minutes of consideration of the Senator's application, the Speaker shall, if necessary, interrupt the debate and declare whether the situation constitutes a matter of urgent public importance as provided in sections (1) and (6) above.

(9) The Senate shall consider all notices dealing with the same situation together, subject to the provisions of sections (4) and (8) above. Subject to the provisions of Rule 48(6) below, notices dealing with distinct situations shall be taken up *seriatim*.

"48. (1) When leave is granted to move a motion to adjourn the Senate for the purpose of considering a matter of public urgency, except as provided in section (2) below, at 8:00 o'clock p.m., or when the Senate has completed the consideration of the Orders of the Day for that sitting, whichever comes first, the Senator who gave notice shall move "That the Senate do now adjourn" and debate on the motion shall be subject to the provisions of Rule 31(4).

(2) If leave is granted on a Friday, consideration of the motion moved pursuant to section (1) shall commence at not later than 12:00 o'clock noon or when the Senate has completed consideration of the Orders of the Day for that sitting, whichever comes first.

(3) If the Senate had completed consideration of the Orders of the Day for that sitting, when the motion was moved, pursuant to sections (1) or (2) above:

(a) except as provided in sub-paragraph (b) below, after the debate on the motion is concluded, but in any case, at not later than 11:59 o'clock p.m., the said motion shall be deemed to have been adopted; or

(b) on a Friday after the debate on the motion is concluded, but in any case, at not later than 4:00 o'clock p.m., the said motion shall be deemed to have been adopted.

(4) If the Senate had not previously concluded consideration of the Orders of Day for that sitting when the motion was moved, pursuant to sections (1) or (2) above:

(a) except as provided in sub-paragraph (b) below, when the debate is concluded, but in any case, at not later than 11:59 o'clock p.m., the Speaker shall interrupt the debate and the motion shall be deemed to have been withdrawn and the Senate shall resume consideration of the Orders of the Day where that consideration was interrupted when the motion was moved pursuant to section (1) above; or

(b) on a Friday when the debate is concluded, but in any case, at not later than 3:59 o'clock p.m., the Speaker shall interrupt the debate and the motion shall be deemed to have been withdrawn and the Senate shall resume consideration of the Orders of the Day where that consideration was interrupted when the motion was moved pursuant to section (2), above.

(5) If the Senate had not previously concluded consideration of the Orders of the Day for that sitting when the motion was moved, pursuant to sections (1) or (2) above:

(a) when the motion moved pursuant to sections (1) or (2) above, has been withdrawn in accordance with section (4) above, the Senate shall resume consideration of the Orders of the Day where that consideration was interrupted when the said motion was moved, for a period not to exceed the period of time taken for consideration of the said motion; and

(b) at the end of the time provided in sub-paragraph (a) above, for the consideration of the Orders of the Day, the Speaker shall interrupt any proceeding then before the Senate and declare that a motion to adjourn has been deemed to have been moved and adopted. The Speaker shall then leave the Chair until the time provided for the next meeting of the Senate.

(6) Not more than one motion to adjourn, moved in accordance with section (1) or (2) above, shall be received at any one sitting.

(7) During the consideration of any motion moved in accordance with the provisions of section (1) or (2) above, the same shall not be adjourned and no amendment thereto, nor other motion, except that a certain Senator be now heard or do now speak, shall be received.

(8) During the consideration of any motion moved in accordance with the provisions of section (1) or (2) above, no Senator shall speak more than once nor for more than fifteen minutes.

DEBATABLE MOTIONS

"49. (1) Except as provided elsewhere in these rules, the following motions are debatable:

(a) substantive motions, except dilatory or procedural motions;

(b) for the second reading of a bill;

(c) for any amendment, or an amendment to an amendment, to a debatable motion;

(d) for the adoption of a report of a Standing or Special Committee;

(e) for the third reading of a bill;

(f) for instructions to a committee;

(g) for an address to His Excellency the Governor General not merely formal in its character;

(h) for the appointment of a Standing or Special Committee;

(i) for the reference of a question other than a bill to a Standing or Special Committee;

(j) for the adoption, while in Committee of the Whole, of the motion, clause, section, preamble, title or bill under consideration;

(k) for the reconsideration, while in Committee of the Whole, of any clause of a bill already agreed to;

(l) for the suspension of any Rule of the Senate, unless otherwise provided;

(m) for the consideration of an inquiry;

(n) for the adjournment of the Senate for the purpose of raising matter of urgent public importance, moved pursuant to Rule 48(1) or (2);

(o) for the previous question;

(p) for the adoption of a new rule, the repeal or amendment of an existing rule;

(q) for an Order of the Senate for any papers or documents not relating to a bill or other matter appearing among the Orders of the Day or on the *Order Paper*; and

(r) for the adoption of any other motion appearing on the Orders of the Day or on the *Order Paper* or moved on Routine Business, as may be required for the observance of the proprieties of the Senate, the maintenance of its authority, the appointment or conduct of its officers, the management of its proceedings, the fixing of its sitting days or the times of its meetings or adjournments.

NON-DEBATABLE MOTIONS

(2) All other motions, unless elsewhere provided in these Rules or otherwise ordered, shall be decided immediately upon being put to the Senate, without any debate or amendment."

STANDING VOTES

12. That the *Rules of the Senate* be amended by adding immediately after Rule 49 the following:

"50. (1) Unless previously ordered or elsewhere provided in these Rules, when a standing vote has been requested in accordance with Rule 49(3), the bells to call in the Senators shall be sounded for sixty minutes unless otherwise ordered, and with leave of the Senate.

(2) At the end of the time provided in section (1), the Speaker shall proceed to take the standing vote as provided in Rule 49(3).

(3) When, under the provisions of any Rule or order of the Senate, the Speaker is required to interrupt the proceedings for the purpose of putting forthwith the question on any business then before the Senate or when a standing vote has been deferred pursuant to Rule 51, the Speaker shall interrupt the said proceedings not later than fifteen minutes prior to the time provided for the taking of the vote and order the bells to call in the Senators to be sounded for not more than fifteen minutes immediately thereafter. These provisions shall apply, in particular, to the disposition of non-debatable motions and any motion for which a period of time has been allocated to the disposition of the debate.

(4) The doors of the Senate shall not be locked during the taking of standing votes. Senators may enter the Chamber at any time but no Senator shall vote who was not within the Bar of the Senate when the Speaker put the question. Senators shall vote only from their place in the Senate.

(5) While the Senate is in the process of taking standing votes, only Senators shall have access to the floor of the Chamber, and the doors to the galleries shall be locked.

(6) When the bells to call in the Senators for a standing vote are being sounded at the ordinary daily hour of adjournment, the rules governing the adjournment of the Senate shall stand suspended until the said vote and any business relating thereto has been concluded, whereupon the Speaker shall declare that a motion to adjourn the Senate has been deemed moved and adopted and shall leave the Chair until the time provided for the next meeting of the Senate.

DEFERRED VOTES

"51. (1) After a standing vote has been requested, pursuant to Rule 49(3), on a motion which is debatable in accordance with Rule 49(1), either Whip may request that the standing vote be deferred as provided below.

(2) Except as provided in section (3) or as otherwise provided in these Rules, when a vote has been deferred, pursuant to section (1), it shall stand deferred until 5:30 o'clock p.m. on the next day the Senate sits.

(3) When a standing vote has been deferred, pursuant to section (1) above, on a Thursday and the next day the Senate sits is a Friday, the Chief Government Whip may, from his or her place in the Senate at any time before the time for the taking of the deferred vote, again defer the vote until 5:30 o'clock p.m. on the next day thereafter the Senate sits.

(4) When a deferred vote has been taken and there is subsequent business to be disposed of, any standing vote requested in relation thereto shall not be deferred and the Speaker shall proceed to put forthwith and successively every question necessary to dispose of the business.

(5) When a deferred vote is requested on one question that is the first of a series of questions to be put to the Senate without further debate, the bells to call in the Senators shall be sounded once; they shall not again be sounded, at that sitting, in relation to any subsequent standing vote on the same item of business.

(6) Except as provided in section (3) above, or elsewhere in these Rules, any standing vote once deferred shall not be again deferred."

PRE-STUDY OF BILLS

13. That the *Rules of the Senate* be amended by adding the following new Rule after Rule 55:

"56. (1) The subject-matter of any bill which has been introduced in the House of Commons, but not read the first time in the Senate, may be referred to a standing committee for study. This may be accomplished either by motion moved in accordance with section (2) below, or by motion to refer the question to a named standing committee of the Senate, moved in accordance with the provisions of Rule 49(1)(i).

(2) At any time while the Senate is sitting, the Leader of the Government in the Senate or the Deputy Leader of the Government in the Senate, may, from his or her place in the Senate, in accordance with the provisions of Rule 45(1)(e), give notice of a motion to refer the subject-matter of the said bill to a standing committee or special committee of the Senate.

(3) Notices of motion made pursuant to section (2) above, shall appear under "Government Business" on the Orders of the Day for the next sitting."

SPEECH LIMITS - IN COMMITTEE OF THE WHOLE

14. That the *Rules of the Senate* be amended by deleting Rule 65 and substituting the following therefor:

"65. (1) The *Rules of the Senate* shall apply in Committee of the Whole with the following exceptions:

(a) a Senator may speak any number of times;

(b) during debate in Committee of the Whole no Senator shall speak for more than ten minutes at any one time;

(c) any standing vote shall be taken immediately without the bells to call in the Senators being sounded;

(d) arguments against the principle of the bill shall not be admitted; and

(e) no motion for the previous question nor for an adjournment shall be received.

(2) In Committee of the Whole a Senator may at any time move "That the Chairman do now leave the Chair" or "That the Chairman do now report progress and ask leave to sit again":

(a) either motion shall be decided forthwith without debate or amendment;

(b) if either motion is resolved in the negative another motion to the same effect shall not be received unless some intermediate proceeding has taken place; and

(c) if the motion "That the Chairman do now leave the Chair" is resolved in the affirmative, the Chairman shall at once leave the Chair and shall make no report to the Senate. The bill or other matter then before the Committee of the Whole shall be dropped from the *Order Paper*.

(3) The proceedings of a Committee of the Whole shall be entered in the *Journals of the Senate*."

STANDING COMMITTEE ON PRIVILEGES, STANDING RULES AND ORDERS

15. That Rule 67(1)(f) be deleted and the following substituted therefor:

"(f) The Committee on Privileges, Standing Rules and Orders, composed of fifteen members, four of whom shall constitute a quorum, which is empowered:

(i) on its own initiative to propose, from time to time, amendments to the rules for consideration by the Senate;

(ii) upon a reference from the Senate, to examine and, if required, report on any question of privilege; and

(iii) to consider the orders and customs of the Senate and privileges of Parliament."

IN CAMERA HEARINGS OF COMMITTEES

16. That the *Rules of the Senate* be amended by deleting Rule 73 and substituting the following therefor:

"73. (1) Except as provided in sections (2) and (3) below, all meetings of Senate standing and special committees shall be held in public and only after public notice.

(2) Except as provided in section (3) below, a standing or special committee may decide to hold an *in camera* meeting to discuss its business only when the agenda deals with any of the following:

(a) wages, salaries and other employee benefits;

(b) contract negotiations;

(c) other labour relations;

(d) other personnel matters;

(e) consideration of any draft agenda; and\or

(f) consideration of any draft report of the committee.

(3) Meetings of sub-committees of any standing or special committee:

(a) except as provided in sub-paragraph (b) below, shall not be subject to the provisions of section (1) or (2) above, and may be held *in camera* at the discretion of the sub-committee members;

(b) when clause-by-clause consideration of any bill is before the said sub-committee, shall be in public.

(4) The provisions of section (2) shall not apply to the deliberations of any standing joint committee or special joint committee.

(5) Whenever a committee is not sitting *in camera*, the public may attend such a meeting, unless otherwise ordered by the committee in accordance with sections (1), (2) and (3) above."

ROYAL ASSENT

17. That the *Rules of the Senate* be amended by adding the following immediately after Rule 113:

"114. (1) The Sovereign, His Excellency the Governor General and His Deputy or Deputies shall have undoubted and unimpeded access to the Senate Chamber at all times and, in particular, while the Senate is meeting.

(2) When the Speaker receives a message indicating that any of the Personages outlined in section (1) will be arriving at the Senate at a given hour to give Royal Assent to certain bill or bills, to prorogue or dissolve Parliament, or for any other reason, that hour shall be fixed for the beginning of the procedure.

(3) When the Speaker receives a message, in accordance with the provisions of section (2) above, the Speaker shall interrupt any proceeding then before the Senate and read the said message. If a message is received during the taking of a standing vote the Speaker shall read the message immediately after having declared whether the motion before the Senate is carried or lost. The time taken for reading the said message shall not be deducted from the time any Senator, who was speaking at the time the Speaker interrupted, is permitted to speak, nor shall it be deducted from the overall time remaining in a debate to which there is a time limit either established by these Rules or by motion or other order of the Senate.

(4) If the Senate has completed its business for the day prior to the hour fixed in the message received pursuant to section (2) above, the Speaker shall suspend the sitting until not later than five minutes before the time set for the arrival of the Personage outlined in the message. When the sitting resumes, the Speaker shall order the bells to call in the Senators to be sounded for not more than five minutes.

(5) When a message has been received pursuant to section (2) above, no motion to adjourn the Senate shall be received and the rules regarding the ordinary daily hour of adjournment, or the provisions of any prior order of the Senate regarding the hour of adjournment that day shall be suspended until the procedure laid out in the message has been completed.

(6) When a message has fixed a time, pursuant to section (2) above, and a standing vote is requested for a time which would otherwise be taken at the same time as the arrival of the Personage outlined in the message received in accordance with section (2) above, such standing vote shall stand deferred, if applicable, until immediately after the departure of the Personage in question.

(7) Any deferred standing vote which would have been taken at or after the time fixed in the message received, pursuant to section (2) above, shall be further deferred, if applicable, until immediately after the departure of the Personage outlined in the message.

(8) When the Senate is sitting at the time fixed in the message, received pursuant to section (2) above, the Speaker shall interrupt any proceeding then before the Senate for the purpose of admitting the Personage outlined in the message. Such proceeding shall not be again taken up pursuant to section (9) below, until the proceeding outlined in the message has been completed and the Personage has departed the Senate Chamber thereafter.

(9) Unless otherwise provided in these Rules, and if Parliament is still in session, immediately upon the departure of the Personage outlined in the message received in accordance with the provisions of section (2) above, the Speaker shall recognize the Senator whose intervention had been interrupted pursuant to section (8). The time taken for reading the said message shall not be deducted from the time allotted to any Senator, who was speaking at the time the Speaker interrupted, nor shall it be deducted from the overall time remaining in a debate to which there is a time limit either established by these Rules or by motion or other Order of the Senate."

TRANSITION

18. That the Clerk of the Senate be authorized to print a revised and renumbered edition of the *Rules of the Senate* integrating the changes contained herein and making any necessary editorial changes to the Rules in consequence thereof, or relating thereto and to make such changes to the Orders of the Day and the *Order Paper* as may be required to give effect to the new Rules.

19. That changes in the *Rules of the Senate*, contained in this Report of the Standing Committee on Standing Rules and Orders, come into force when the Senate next meets after the adoption of this report by the Senate.

Respectfully submitted,

Brenda M. Robertson
Chairman

APPENDIX "B"

(*See p. 107*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

FIRST REPORT

TUESDAY, June 11, 1991

The Standing Senate Committee on National Finance has the honour to present its

FIRST REPORT

Your Committee, to which Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1992, were referred, in obedience to the Order of Reference of Thursday, May 30, 1991, submits its report as follows:

Supplementary Estimates (A) are the first supplementary estimates for the 1991-1992 fiscal year and consist entirely of five proposed expenditure items for the Department of Agriculture, totalling $428.0 million. Three of these items, totalling $188.9 million, are for operating and capital expenditures and contributions under the department's Agri-Food Program, while the other two, amounting to $239.1 million, are for operating expenditures and contributions under the Grains and Oilseeds Program. Your Committee met on Thursday, June 6, 1991 to review these supplementary estimates. Officials of Treasury Board Secretariat and the Department of Agriculture appeared as witnesses.

The proposed expenditures in Supplementary Estimates (A) increase the estimates tabled so far in the 1991-1992 fiscal year from $157.903 billion at the time of Main Estimates to $158.331 billion currently. All of the proposed expenditures are budgetary and non-statutory, which means that they increase the deficit and must be voted by Parliament. Total proposed budgetary expenditures now amount to $157.956 billion and fall within the framework of $159.0 billion in the government's fiscal plan, as described in Part I of the 1991-1992 Main Estimates.

The $428.0 million in these supplementary estimates would increase the estimates of the Department of Agriculture from $1.888 billion in Main Estimates to $2.316 billion, an increase of 22.7 per cent. By vote, the increases are, in percentages:

Vote 5: Agri-Food Operating	0.2
Vote 10: Agri-Food Capital	0.1
Vote 15: Agri-Food Contributions	39.9
Vote 20: Grains and Oilseeds Operating	12.2
Vote 30: Grains and Oilseeds Contributions	529.6

The fivefold increase of $237.5 million in Vote 30 would increase the total vote from $44.8 million to $282.3 million.

The proposed expenditure items in Votes 15 and 30 include contributions under the Net Income Stabilization Account (NISA) ($15.5 million in the Agri-Food Program and $193.6 million in the Grains and Oilseeds Program), the Gross Revenue Insurance Plan[1] (GRIP)($145.0 million in Agri-Food) and the Cash Flow Enhancement Program for 1991 Crops (CFEP)($9.0 million in Agri-Food and $43.9 million in Grains and Oilseeds). The remaining $17.84 million requested in Vote 15 for Agriculture Development consists of $7.64 million in assistance to promote improved use and management of land, soil and related water resources and $10.2 million towards the long-term adjustment of the horticulture industry.

Information supplied to your Committee by Agriculture Canada, together with the testimony of the department's witness, indicates that the proposed expenditures in Supplementary Estimates (A) represent funding for a new, temporary Farm Support and Adjustment Measures (FSAM) package of programs. These programs, which were developed

---

1. This initiative is incorrectly described in Supplementary Estimates (A) as the Gross Revenue Insurance Program

by committees of industry, federal and provincial representatives, will alleviate the short-term income deficiencies of producers of grains and oilseeds and of horticultural crops. In so doing, they will provide incentives to farmers and provincial governments to participate in GRIP and NISA, which form a new national safety nets system designed to meet farmers' needs for long-term predictable income. The FSAM programs are also designed to encourage producers to adjust to long-term market and production trends. The GRIP and NISA programs were developed as part of Agriculture Canada's ongoing Agri-Food Policy Review.

The Net Income Stabilization Account (NISA) program allows a famer to deposit up to two per cent of his eligible sales in an individual account, to be matched by contributions from the federal and provincial governments. He is then entitled to withdraw payments in a future crop year in which his farm's gross margin falls below a five-year average or his net income falls below $10,000. The program applies to grains, oilseeds, special crops including grain consumed on the farm, and certain horticultural crops, all of which face declines in their market prices. The FSAM program will make NISA more flexible and attractive by increasing the federal contribution to producer accounts for the 1990 and 1991 taxation years, reducing the provincial contributions over the same period and permitting farmers almost immediate access to their NISA accounts.

The Gross Revenue Insurance Program (GRIP) will provide comprehensive revenue insurance to farmers on their eligible crops. It consists of a crop insurance component and a new revenue insurance component. 50 per cent of the crop insurance premiums will be paid by the producers, while the federal and provincial governments, will pay 25 per cent each. Premiums for the new revenue insurance component are shared 33 1/3 per cent by producers, 25 per cent by provinces and 41 2/3 per cent by the federal government. Under FSAM, for the 1991-1992 crop year, the federal government will reduce producers' revenue insurance premiums by 25 per cent and will also pay 10 per cent of the provincial share of premiums. The additional costs of these two premium reductions are estimated to be $112 million and $33 million respectively.

The Cash Flow Enhancement Program (CFEP) provides interest-free, non-taxable cash advances of up to $50,000 to producers eligible under the Prairie Grain Advance Payments Act and the Advance Payments for Crops Act. Under FSAM, CFEP is being extended for the 1991-1992 crop year. Horticulture products will be eligible for both NISA and CFEP as well as for targetted short-term assistance and special long-term adjustment measures. The estimated cost of the total package of the horticulture industry is $48 million.

The FSAM package includes a number of land management initiatives. A major element is the Permanent Cover Program (PCP), which is designed to enhance soil conservation and alleviate soil erosion problems by removing marginal land from annual crop production and placing it in permanent cover such as forage or trees. The goal for this year under FSAM is to remove 600,000 acres of marginal and erosion-prone land in the Prairies from production, at a total estimated cost of $50 million. Programs will also be developed with the provinces to promote sound land management practices in Eastern Canada and British Columbia, at a cost of up to $22 million.

The new national safety nets systems will help offset income deficiencies and improve stability of farmers' incomes. Agriculture Canada estimates that the Farm Support and Adjustment Measures will increase total realized net farm income to $3.31 billion in 1991, 10 per cent higher than in 1990. Of this $3.31 billion, only $794 million or 24 per cent will come from net market income after depreciation. The remaining $2.516 billion or 76 per cent will consist of payments from existing government programs and from the new FSAM package. In 1981, market income represented 73 per cent of total farm income but the proportion has been falling steadily over the past ten years. The Committee is concerned about this increasingly heavy reliance of the agricultural sector on government support and finds it difficult to reconcile such reliance with the emphasis in the department's Agri-Food Policy Review on market responsiveness and greater self-reliance.

The Standing Committee on National Finance, in its review of the 1990-1991 Estimates, went to some lengths to investigate the relationship between program evaluation and resource allocation. In its report of January 1991, "The Program Evaluation System in the Government of Canada," the Committee recommended that "at a minimum, bills to establish new programs (and estimates requesting appropriation for such programs) should include evaluability criteria and any other evaluative information that may cast light on the merits of the proposed programs (page 19). In this regard, before recommending substantial new funding for the FSAM package, members of your Committee would like to have been provided with substantive information on the evaluation by Agriculture Canada of its farm support and adjustment programs. The case for the FSAM initiatives could have been strengthened considerably by the addition of effectiveness information on related and predecessor programs and by an explanation of the increasing role of government support in maintaining the level of farm incomes.

Respectfully submitted,

Roch Bolduc
Chairman

SUMMARY OF EXPENDITURE FRAMEWORK
AND ESTIMATES FOR 1991-92

Expenditure Framework	
Budgetary Main Estimates	$157.5 billion
Projected Total Budgetary Estimates	$160.9 billion*
Projected Budgetary Expenditure	$159.0 billion

ESTIMATES TABLED TO DATE FOR 1991-92

	TO BE VOTED	STATUTORY	TOTAL
	(in thousands of dollars)		
Main Estimates			
Budgetary	$47,029,340	$110,498,809	$157,528,149**
Non-Budgetary	236,860	137,797	374,657
	$47,266,200	$110,636,606	$157,902,806
Supplementary Estimates (A)			
Budgetary	$ 428,000	-	$ 428,000
Non-Budgetary	-	-	-
	$ 428,000	-	$ 428,000
TOTAL ESTIMATES TABLED			
Budgetary	$47,457,340	$110,498,809	$157,956,149
Non-Budgetary	236,860	137,797	374,657
	$47,694,200τ	$110,636,606	$158,330,806

* Total Estimates will always differ from Total Budgetary Expenditures. The following adjustments not reflected in Estimates account for the $1.9 billion difference in current forecasts:

	($B)
1) Program Reductions increasing lapse	(0.7)
2) Anticipated lapse	(1.2)

** In accordance with Part II of the Estimates (General Summary), tabled in the House on May 14, 1991.

τ Does not agree with "Supply to Date for 1991-92" due to rounding.

SUPPLY TO DATE FOR 1991-92

One Appropriation Act has been approved in respect of Estimates for 1991-92:

Supply Approved to Date:

Appropriation Act No. 1, 1991-92 granted Interim Supply for the 1991-92 Main Estimates equal to an initial allocation of 3/12ths for all Votes plus 34 additional proportions	$13,144,733,701.68

Awaiting Approval:

Supply for the balance of Main Estimates for 1991-92	$34,121,467,438.32
and	
Supply for the whole of Supplementary Estimates (A), 1991-92	$ 428,000,000.00
TOTAL	$47,694,201,140.00

THE SENATE

Wednesday, June 12, 1991

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

Prayers.

THE HONOURABLE DAVID A. CROLL, P.C.

NOTICE OF DEATH

The Hon. the Speaker: Honourable senators, it is with deep regret that I have to inform the Senate of the death of our colleague, Senator David Croll P.C., who passed away last night.

In remembrance, I ask all honourable senators to stand and observe one minute of silence.

The members of the Senate then stood in silent tribute.

The Hon. the Speaker: Honourable senators, I should like to give the following details with respect to Senator Croll's funeral: The funeral service will be held at Beth Tzedec Synagogue, 1700 Bathurst Street, Toronto, at 1 p.m. on Friday, June 14, 1991. Condolences may be expressed to the Croll family, care of Mr. and Mrs. David Mouckley at 213 Rosemary Road, Toronto. Donations to Senator and Mrs. David A. Croll Endowment Fund, Mount Sinai Hospital, 600 University Avenue in Toronto, would be appreciated by the family. This information will be sent to your respective offices today.

Is it the wish of honourable senators to adjourn out of respect for the memory of Senator Croll?

Hon. Lowell Murray (Leader of the Government): Honourable senators, for those who wish to attend the funeral on Friday, arrangements have been made for an aircraft to fly from Ottawa to Toronto and back. Meanwhile, honourable senators, out of respect for the memory of our late colleague, I move that the Senate do now adjourn.

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

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Wednesday, June 12, 1991

PAGE

The Honourable David A. Croll, P.C.

Notice of Death. The Hon. the Speaker 173

Senator Murray 173

PAGE

THE SENATE

Thursday, June 13, 1991

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

Prayers.

THE LATE HONOURABLE DAVID A. CROLL, P.C.

TRIBUTES

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, our late friend and colleague, Senator David Croll, began his life on March 12, 1900, in Moscow. When it ended, he was half a world away, Privy Councillor, Dean of the Senate of Canada and a revered political figure. Needless to say, the intervening 91 years were not uneventful, starting with his arrival in Canada as a five-year-old child.

David Croll's interest in political life came early. On July 26, 1919, he attended a conference of the Liberal Party of Ontario and listened as Mackenzie King and Arthur Roebuck spoke of Canada's social needs: health care for children, unemployment insurance, mothers' pensions, a minimum wage, an eight-hour work day. It has been reported that this meeting "became the political baptism (or, more correctly, the bar mitzvah) of one of the most effective, dogged and colourful men in Canadian public life." Though his career then took David Croll down many roads, the sense of social justice that was so early instilled in him remained the driving force.

He entered the practice of law at the age of 28 and two years later, in 1930, was elected Mayor of Windsor, a job he held until 1934. He was the first Jewish and, at the age of 30, the youngest man elected mayor of a Canadian city. He was elected to the Ontario Legislature in 1934 and simultaneously held the positions of Minister of Public Welfare, Minister of Municipal Affairs and Minister of Labour in the Hepburn administration. He was the youngest cabinet minister in the Commonwealth. In 1937 he disagreed with his leader over the right of workers in the Oshawa General Motors plant to choose their own union and resigned from cabinet saying, "My place is marching with the workers rather than riding with General Motors." His friend, Arthur Roebuck, Attorney General, agreed and also resigned.

During the following eight years David Croll served another term as Windsor mayor, was reelected to the Ontario Legislature, enlisted in the army as a private, served overseas and returned to Canada as a colonel. One would think that David Croll had, by then, accomplished enough for a lifetime, but he had just begun. In 1945 he was elected to the House of Commons and reelected in 1949 and again in 1953. On July 28, 1955 he was summoned to the Senate, becoming the first Jewish member of this chamber.

How did he find his early years here? He said, "When I came to the Senate after ten years in the House of Commons, I was bored and frustrated. It was an intolerable situation . . . people come to the Senate to use their talents but become part of the fixtures." Well, Senator Croll became no fixture. His best known contribution to the Senate's work is the 1971 Report of the Special Committee of the Senate on Poverty in Canada. It is the work of this special committee, which he chaired, that is invariably mentioned by the defenders of the Senate who stress its investigative role.

But poverty was not the only issue he pursued in this chamber throughout his 36 years here. He advocated the abolition of capital punishment, more support for the elderly, an end to compulsory retirement, a new deal for Canada's Aboriginal peoples, lowering the voting age from 21 to 18, greater participation in politics by minorities, and Senate reform, including a national referendum to determine the Senate's future and a code of ethics for senators.

So passionately did Senator Croll advocate his social justice agenda that he did not hesitate to cross swords publicly, even with his own caucus colleagues. When a colleague of mine in the cabinet suggested that the minimum wage be rolled back so that Canada could better compete with American industry, Senator Croll declared that the minister was "right out of his mind." Though loyalty to party was important to David Croll, fidelity to self, to his principles, remained paramount.

In concluding, I wish to return to David's close association with Arthur Roebuck. As an impressionable 19-year-old youth he was moved by Roebuck's oratory on liberalism and social justice. He and Roebuck served together as cabinet ministers in the Hepburn government. Together they resigned from that administration in 1937 on a matter of principle. Arthur Roebuck was elected to the House of Commons in 1940. When in 1945 Croll was himself elected to the House, Roebuck was summoned to the Senate. Croll joined his friend there in 1955. They became seatmates and Roebuck served on the Special Committee of the Senate on Poverty in Canada chaired by Senator Croll.

One week after the committee tabled its report, Senator Roebuck died and David spoke of his friend and mentor in the following words:

> Ninety-three years is a long time. For Arthur Roebuck it was a good long time. What did these years bring to Senator Roebuck? They brought him success and honour beyond his brightest young dreams. They brought him joy and sorrow, laughter and tears. Yet he clung to noble values, the mark of dignity and character. What did he give in return? Honesty, devotion to duty, and hard work with sympathy, understanding and respect for his fellow man, especially the underdog. He understood the prob-

lems of the unfortunate, the underprivileged and the unhappy. His was indeed a full and generous life.

I return these words to David Croll, for when he spoke them of Arthur Roebuck he, in my view, described his own career more beautifully than I could today.

Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government): Honourable senators, 11 or 12 years ago, as his eightieth birthday approached, a number of honourable senators passed the hat to commission the excellent portrait of Senator Croll that now adorns one of our Senate committee rooms.

Fifteen months ago, on the occasion of his ninetieth birthday, senators paid tribute to him here and later, joined by a number of distinguished Canadians, at a gathering in the Speaker's chambers. Prime Minister Mulroney recommended that Senator Croll be made a member of Her Majesty's Privy Council for Canada, and some of us joined a group of his family and friends for the swearing in ceremony in the presence of the Governor General at Rideau Hall.

These were, after all, small honours that we paid to a great man. Now that he has gone forever from our midst, it is touching and somehow gratifying to recall that David Croll had enough natural human vanity and humility to have been proud and delighted by these gestures of recognition, indeed to have enjoyed every minute of our brief tributes to him. "You have made an old man very happy," he said to some of us, and one could only remark that Canada could do no less for such an illustrious son.

• (1410)

All of us who took part in the events of 11 years ago or 15 months ago are glad and honoured today that we had those opportunities to tell him in person how much we respected and admired him.

[*Translation*]

During sixty years of public service, during which he gave unstintingly of himself, he made his way, as was mentioned by the Leader of the Opposition, from the municipal council of Windsor to the Parliament of Canada.

He is described by many as a man who throughout his public life was dedicated to helping the poor and the needy. As a social reformer in Parliament, he has earned a place among the great figures of our history. He is one of those men whose efforts and example have left a lasting imprint on the lives of ordinary Canadians.

[*English*]

As a social reformer in Parliament, his name is with the greatest in our history. As a parliamentarian, and as a public man, he is one of those relatively few of whom it can be said that his efforts and his example have made a difference in the lives of ordinary Canadians.

I extend, on behalf of the Prime Minister, the government and all of my colleagues on this side, our condolences to his family and to his colleagues in the Liberal Party. For them, for us, and for a great many Canadians, the memory of this great and good man will long be treasured.

Hon. Hartland de M. Molson: Honourable senators, just about 36 years ago next month, the Right Honourable Louis Saint-Laurent appointed 13 people to this chamber. It was an interesting list in that it differed from the usual practice in Parliament. There was one Progressive Conservative, John T. Hackett, an ex-MP; one Independent Liberal, Donald Cameron, who founded the Banff School of Fine Arts; one who claimed no political affiliation, namely, Calixte Savoie from Moncton, the publisher of *L'Evangeline*; and myself, an Independent. As well, there were some well-known figures such as Chubby Power, Jean-Francois Pouliot, D'Arcy Leonard, Elsie Inman and others.

David Croll was on and near the top of that list. He and I were the last survivors of that group of 13, which was the largest group appointed at one time up until that date.

Dave Croll and I had little in common, with the exception of six years service in the Armed Forces during the war. He set an example when he enlisted as a private in the army at age 39. It is another mark of his ability that he ended the war as a lieutenant colonel. This devotion to Canada should be the subject of reflection to all people of younger age who did not find it possible to serve as he did.

After we came together here in 1955 I developed an affection and a great respect for David Croll, in spite of the fact that our interests were not always the same. I am not going to list his many achievements and qualities because they have been acknowledged and well documented.

David Croll was a courteous man, always a gentleman, who set a fine example, again and again, in his good manners in this chamber. He was always concerned and actively working for the underprivileged or the poor or the aged. In his years here he did a remarkably good job in getting great attention and improved benefits for those who were in need of help.

I had several conversations with David in recent weeks, the last one only several hours before he died. He told me that he was extremely unhappy about the developments in the Senate, particularly the deep animosity which continues and the fact that the voices of moderation were not being listened to. He told me that his views were not completely accepted in his own party, and he was sad.

However, he had the great good fortune, which all of us would envy, of going out while still playing his full part in Parliament and without a period of long and painful illness. I am sure all of us, in spite of our sadness, are grateful for that fact.

To his daughters and members of the family, I join in paying my great respects and offering my sincere condolences. To the Senate and to Parliament, I say we have lost a great member and a great Canadian. I will miss him, you will miss him, and Canada will miss him.

Hon. Senators: Hear, hear!

Hon. Sidney L. Buckwold: Honourable senators, it was a very sad day for me yesterday when I heard the news of the

passing of my fellow senator and, perhaps even more important, a dear friend, a long time friend, in the person of Senator David Croll.

When I first came to the Senate he was the man who took my arm and guided me to the Table, and he was a mentor who helped me along the way. Some may think it was not the right way but, in any case, it was along the way, and we have been very close ever since. Somehow his passing has affected me perhaps more than it should, but I am sure honourable senators will understand.

To his last hour he continued to serve his constituents. Just before he left the building on Tuesday he asked me to make certain that I represented him at a meeting of the Legal and Constitutional Affairs committee which had been cancelled to another time and which may have precluded his attendance. He wanted to make sure that his Private Member's Bill S-4, an Act to Amend the Act of Incorporation of the Seventh-Day Adventist Church in Canada, was properly explained to the committee, in view of the fact that I also had a bill on behalf of the Anglican Church. I don't know what two nice Jewish boys are doing in these particular fields but, in any case, I think it is rather symbolic that there we were, both of us, ready to appear before that committee. Senator Croll's last words to me were to make sure that I was there in case he was not able to present his case.

That was my last conversation with him.

Honourable senators, the personal contribution made by Senator Croll to the social development of this country is unmatched by any other individual politician or political leader. It is not my intention on this occasion to recount his Horatio Alger story, the story of the rise to fame and influence of this poor immigrant Jewish boy. That has been told before and, quite properly, will be repeated today.

David Croll was a man committed to helping others. He dedicated his entire political life to this objective. He exemplified the basic precept of the Jewish faith: the pursuit of justice. Our ancient teachings taught "Justice, justice shalt thou pursue." He was a modern day Jeremiah, speaking out against those aspects of today's society that are not considerate of the less fortunate, the poor, the handicapped, the elderly — indeed all those who, through no fault of their own, lead lives of misery, ill health and poverty. His heart bled for those who suffered. He understood the agony of the aged, the burden of the unemployed, the lonliness of the widow, the suffering of children raised in poverty, and the humiliation of our native people.

● (1420)

He was dedicated to the premise that it was the responsibility of society to care for the sick and the less fortunate. He believed in a Canada that was a haven for those from far away lands who wanted a better life.

He also fought the battle against prejudice, racial discrimination and anything that impeded the right of every Canadian, regardless of origin, to a life of equal opportunity and full acceptance as a first-class citizen.

[Senator Buckwold.]

What he accomplished in his lifetime did matter. The results of his crusades have been effective. Canada, as we now see it, is a much more caring and supportive community thanks to David Croll. He was the first to admit that there is still a long way to go in achieving his full objectives; but Canada is the better as a result ofhis passionate pursuit of justice for every citizen.

Honourable senators, I am indebted to Rabbi Roger Pavey, the spiritual leader of my home congregation in Saskatoon, for passing on to me some of the inspirational wisdom recorded by our Jewish sages. These were men who spent their days studying and commenting on the ancient holy writings. I quote:

> No man is ever impoverished by being just—nor is evil or harm ever caused by it.
>
> Whomever has compassion for the poor, the Holy one, praised be He, has compassion on him.

A chasidic sage said:

> Three pillars support the world: study, worship and good deeds. And, as in the world itself, the first two will shrink, and only good deeds will continue to grow.

Finally, Rabbi Milton Steinberg wrote:

> One wears out his mind in study - and yet has more mind with which to study. One gives away his heart in love - and yet has more heart to give away. One perishes out of pity for a suffering world and is the stronger therefrom.

So it is possible at one and the same time to hold on to life and to let it go.

Honourable senators, in reading some of the *Debates of the Senate* recently, I came across these words of Senator Croll on the occasion referred to by Senator Murray when we honoured him on his ninetieth birthday. I wish to cite his words from March 13, 1990, remarks which I think are symbolic of the man. He said:

> These days I look back a bit, but I also look forward. Even today I see the causes that we still need to fight for. I want you to know one thing: no man can say that he alone was responsible for the advances we have made. Similarly, no party can say that they alone were responsible for them. Even those in opposition make a contribution.

Finally, honourable senators, he said:

> The little wisdom I have achieved over my 90 years tells me that we can never stop fighting for social justice. Social justice is the most important aspect of our life in Parliament; everything emanates from that. We, as politicians, are eminently capable of dealing with the problem because we in this Parliament understand what it is all about, as do other Parliaments.

Honourable senators, our country has lost a great Canadian. His memory will live on because of the permanence of his contributions. My sympathy is extended to all members of his family who share the grief of his passing.

Hon. Senators: Hear, hear!

Hon. H.A. Olson: Honourable senators, Canada and the Canadian Senate have lost a great human being. Senator Croll was a good friend of mine, and had been for a long, long time. He and I met in 1957 when both of us were appointed to, and were serving on a joint committee dealing with consumer credit. It turned out to be much more than simply a study of consumer credit, which was perceived to be a problem in Canada at that time. That committee travelled across Canada, and that is when I came to appreciate what a great human being Senator Croll was. I was then a member of a different party, but we found a great deal of common ground on which to pursue the plight and problems of the disadvantaged. Of course, he was a great teacher to me, a newly elected member of Parliament.

More than that, Senator Croll and I were members of the first delegation from the Canadian Parliament invited to the Soviet Union—in 1965, I believe. While there, we travelled to where he was born in the Soviet Union. A request was made to go, I believe, some 300 miles away from our regular travel route from Moscow to Tiflis, Kiev and other places, and he managed to persuade the Soviets to arrange for that travel.

Senator David Croll had been my seatmate for the past seven or eight years. I will to be brief,but I want to endorse all that has been said about his career. Certainly it was one of the more outstanding political careers in Canadian history—there is no doubt about it. Senator Croll will be remembered, properly I think, as Canada's greatest advocate of public policy for the disadvantaged. It did not matter to him what the disadvantage was, whether it was the poor, the disabled, or members of one of the minority groups—he was totally involved in looking after the interests of those people.

In conclusion, I want to say something that I have heard many times, but which I think is worth saying and putting in *Hansard*. Senator Croll has passed on in the way he would have wished. He did not want to be a burden to anyone. Honourable senators will recall that the day before yesterday he worked a full day—I do not exactly know how long, about 10 or 12 hours. He had dinner with one of his friends, and within three hours of the conclusion of that dinner his life was over. He was not a burden to anyone, and that is the way he would have wanted it to be. Canada is a much better place for everyone—not just for the wealthy, the rich or the privileged, but for everyone—because of the activities of Senator David Croll; he did it in such a manner that he made hundreds of friends along the way. I do not think one can give a better tribute to anyone.

• (1430)

Hon. Richard J. Doyle: Honourable senators, there was a time last fall, not long before Christmas, when the bottom fell out of goodwill-toward-men in this place, which some of our critics like to describe as, "the garden where the cronies grow." It was not a time which many of us recall with pride, or even equanimity.

There was a point back then when no Liberals and very few Conservatives would speak to a guy, even in an elevator that was supposedly upward bound. I said no Liberals would speak to me and that, of course, is an exaggeration. In an elevator, in a corridor, even on the floor of the chamber, Senator David Croll would speak. "How are you making out in all this?" he would ask, and his hand would come to rest on my shoulder—the physical touch of genuine concern. "It's a lot of foolishness, you know," he would go on. "But don't you worry, don't be hurt by the things that people say."

I have known Senator Croll longer than most of his Ottawa friends. He was the one man in this place who could make me feel giddy with expectation. He only needed to touch that shoulder and say, "Why, you're just a young fellow. You can do anything," and I would agree.

Once, a few years ago, when I was writing a book about *The Globe and Mail*, I went to see him about George McCullagh, that paper's modern founder. What had puzzled me was the fact that George, in the heady days of his political love affair with Mitch Hepburn, had never turned against Croll for walking out on the Ontario premier. Oh, the *Globe* criticized the famous speech when David said he'd rather walk with the workers than ride with General Motors, but the really big salvoes were saved for other friends of the union movement.

"Why?" I asked Croll in 1988. "Oh, the *Globe* was always fair to me," he explained. "It really began when I was mayor of Windsor. This hotshot came up to Windsor from Toronto one day with a crew of young guys who were going out to sell magazines in our territory. Now, those were depression days, and coming into our turf was not only against the bylaw, it was a capital offence. Well, the young hotshot was in real trouble and he came to see the mayor about it. He said his name was George McCullagh and he'd never been in trouble before". Well, as we all know, McCullagh was in trouble many times before his untimely death, but there was never again any trouble with Croll. "You see," said David, "we were friends."

I met the great man on Christmas day in 1942 in the mess of the Oxford Rifles, the regiment he commanded, which was, at that point, stationed in Prince George, British Columbia. I was the only man wearing blue in that sea of khaki. Well, anyone who came from Chatham was almost from Windsor, and he saw to it that I was well fed and entertained.

I saw him many times, in many places, after that. He and his great friend, Ralph Hyman, the writer and editor, had much to do with my early romance with Canadian political journalism. He was one of the first to welcome me when I came to the Senate. That day, someone was about to introduce us when I felt that arm on my shoulder. "You'd better watch out, David," said our friend, pointing to me. "He's a Tory." "Oh, no." said Davie. "You see, we are friends."

Hon. Senators: Hear, hear.

Hon. Richard J. Stanbury: Honourable senators, I have counted the Honourable David A. Croll as a friend since 1952, when I became the president of the York Centre Liberal Association and he was the member of Parliament from

Spadina. After Mike Pearson appointed me to this place in 1968, our friendship grew and continued, and as often as possible I sat beside David Croll in our caucuses and enjoyed his company very much.

Senator Croll's generosity of spirit, demonstrated by his open-handed counsel and support to young people in the Liberal Party, by his military service to his country and by his lifetime devotion to the poor people of Canada, can safely be said to have been without equal among his contemporaries.

A profile of David Croll written some 30 years ago stated that his political career was devoted to removing fear and insecurity from the lives of his fellow Canadians. What a simple but apt description. His influence on social policy in Canada over the last 70 years has borne witness to this devotion. His limitless energy and imagination during those many years have left Canada and Canadians the clear beneficiaries and have established his place in Canadian history as a political icon to many. A true man of principle, conviction and conscience, he was living proof that one person can make a difference.

Speaking of his days during the depression when he was Mayor of Windsor, David Croll said, "I had to provide for people. That was my destiny. From then on that's what I did, that's what I devoted myself to." David Croll has indeed been the champion of those who needed a champion. He always lived by his early creed: "The cause of the little man and his affairs is as a trumpet blast to me."

I should tell honourable senators that I was particularly touched when Senator Croll chose to support and speak to a motion that I put forward in the Senate last December. He gave us all much to consider. He said:

> Unless we take off the boxing gloves and get down to business, the remainder of this regime will be even worse than it is now . . . in the end, honourable senators, the Senate will lose.

His parting words on that day, words that require our consideration today, were:

> I say to you: Make your peace quickly.

An editorial written in the *Globe* in 1965 said, in part:

> When David Croll was sent to the Senate there was hope that he would be a one-man reform movement in the red chamber—that he would link the people to an institution that has rarely fulfilled the purpose for which it was created.

I would say that Senator Croll succeeded through his own energy and initiative in garnering a great deal of respect for this place. I am proud to have been a colleague of David Croll's.

He was blessed by the quickness of his passing, but the same event has left those of us who loved him in a state of shock and sadness, that mortality should rob mankind of one of its most treasured members.

[Senator Stanbury.]

I wish to express my personal sympathy in his loss to the members of his family, to his wide circle of friends and to the people of Canada.

Hon. Douglas D. Everett: Honourable senators, David Croll dedicated his political life to the protection of the unprotected. He was a dedicated partisan, but he always observed the rules and the spirit of those rules. No matter how rancorous the debate, he was unfailingly courteous to all.

In short, David Croll defined the qualities that only the great in politics can aspire to.

Some Hon. Senators: Hear, hear!

Hon. Raymond J. Perrault: Honourable senators, Senator Croll was an enormous credit to public life, a great credit to his faith and an unassailable rock of principle through the sea changes of 60 eventful years. On occasions beyond count, Senator Croll would offer his wise counsel to members of his own party and to those who held other views. When decisions were required, he invariably came down on the side of the disadvantaged, those in need, the persecuted and the oppressed.

Senator Croll was a great help to many of us, and a great help to me when I served as Leader of the Government here, always urging balanced consideration of any subject or issue. Yet he held no narrow partisan beliefs and obsessions, as has been pointed out by other speakers. He was a man of the people, a person of transparent integrity. He has left us at a time when many Canadians seem to be disenchanted with public life and with those who serve in politics. He has left us a legacy of principle, a legacy which demands that all of those in Parliament, whether they serve in the House of Commons or in the Senate, shall continue to have the liberties and the freedom to speak out on behalf of good causes and those in need. He stood for fair play for the opposition and fair play for the government as well.

Let his life of dedication and service be an example to a new generation of young Canadians who will offer their services in public life, who are willing to withstand the vicissitudes of politics at various levels of service in order to make this a better country.

I join with others in extending my condolences to his wide family of friends and relatives.

Hon. Peter A. Stollery: Honourable senators, I rise to pay tribute to the memory of David Croll. As you know, the late senator had been the Member of Parliament for Spadina, which I had the honour to represent a few years later on. I had a very early knowledge of David Croll because my father was a great admirer of his, and I heard about him in approximately 1943 or '44, when I was a boy. He was held out to me then as a great Canadian and a great Canadian Liberal. When I came to Ottawa about 18 or 20 years ago, it was a great honour actually to meet a man who had been such a hero to my late father.

I think that a side of Senator Croll which should be mentioned is the tremendous contribution that he made to the National Liberal Caucus. I was chairman of that caucus for

some years in the 1970s. The chairman, of course, has to make sure that he has speakers on important public business, and I always made a point of ensuring that Liberal senators had an opportunity to speak on public business. David Croll was one of the most enlightened members of our caucus and always started a lively debate, always participated in the important issues that we dealt with, and was one of the reasons that Liberal senators have always made an active contribution in every national caucus meeting that we have.

Honourable senators can understand what an honour it was for me to have David Croll nominate me at my last nomination meeting as the member of Parliament for Spadina, for the 1979-80 election campaign, in which I was successful. It will always remain one of the honours of my political life to have been nominated as the Liberal candidate in Spadina by my great predecessor, David Croll.

● (1440)

Hon. Senators: Hear! Hear!

Hon. Jerahmiel S. Grafstein: Honourable senators, how many politicians can aspire to become legends? Rarer still, how many politicians become legends in their own time? David Croll transformed himself, by dint of his own efforts, into a legend in our time. Jew, immigrant, lawyer, politician, soldier, hero, partisan, liberal, zionist, fighter, visionary David Croll was all of these. Yet David Croll was essentially a loner. He fought his way from the bottom to the pinnacle of each career he chose: from immigrant to boy mayor of Windsor, from member of the Ontario legislature to Ontario cabinet minister, from volunteer private to lieutenant colonel of his regiment in wartime, from member of Parliament to senator to privy councillor. Only one goal, one public office eluded him: it was his dream to be a member of the federal cabinet.

David Croll was a politician of conviction. His conviction was based on choice. He chose between competing ideas of Canada, competing visions of Canada, that haunt us to this day. We have heard echoes of these competing ideas in this very chamber this week. David Croll made choices: he chose between "Everyman" and the elites, between the poor and the rich, between the dispossessed and the possessors, between the powerless and the powerful, between the disabled and the capable, between immigrants and the establishment. He always took the side of the weak against the strong.

During a vitriolic, now-celebrated, strike in Ontario in the late 1930s, when he was a cabinet minister, he again made a choice. In the midst of that strike, which was deeply dividing a province still suffering from the dregs of depression, he resigned, declaring that he would "rather march with the workers than ride with General Motors." Those words became the battle cry for workers across Canada, and they still resonate across the land over a half a century later.

He chose. He always chose. He refused to go along with conventional wisdom. Perhaps because he was a prickly performer, but certainly because he was a Jew, he was denied admission to the federal cabinet. At that time in 1945, David Croll had just returned from overseas, a war hero. He was the only elected Liberal in Toronto in the Spadina riding. Yet he was refused admission to the federal cabinet by Mr. King. Mr. King, that great racist in the old Canadian tradition, simply refused to appoint him. King is reported to have said words to the effect that Croll "would not be a compatible companion". One was too many for King. So, too, for Mr. Saint-Laurent. Later in 1955, Saint-Laurent appointed David to the Senate. All his life Croll fought against racism. Yet he was the victim of racism, foreclosed from achieving the one great goal of his life.

In Toronto, in the Spadina riding, that microcosm of modern Canadian society, every race and every ideology flourished. David Croll fought the left. He fought the right. He fought communists. He fought fascists and socialists alike. He fought for the people. He fought against radical solutions, for the Liberal way, the consensus way, the middle way. He was a reformist who believed he had to bring people along.

He became an architect of our modern social welfare system, and when he came to the Senate, he piloted benchmark studies on aging and the poor that replenished the national pillars of our modern social welfare system. He fought against racist ideas. He fought for reform. He was a Lloyd George Liberal, and the fires of reform burned in him brightly to the very end. He never gave way.

I first heard of David Croll as a young boy in my home town of London, Ontario. He was then, for many of us, a great exemplar. He was to become for me an early role model. Later, when I came to Toronto to attend law school, I met him for the first time. I had admired him from afar for his public reputation and especially for his performance as a stump political speaker. I had heard him speak many times in smokey basements, crowded restaurants, and in halls packed with veterans. He could on occasion be electrifying.

I joined his law office as an articling student and learned then never to refer to David Croll as a senator. He was called simply "the Colonel". He was the great simplifier. He was practical. He taught me, and taught many of us, that common sense was the best way to promote one's causes.

David Croll all his life was a record setter: youngest mayor at age 30, first Jewish cabinet minister, first Jewish senator. From 1930 to 1991, for over 60 years, spanning most of this century, he served Queen, country and party without pause. Therefore, he became a living legend. David Croll became the quintessential Liberal and the quintessential Canadian.

David, bearer of that royal name, passed away this week doing what he liked to do best: working, arguing, speaking. His spirit lives on: restless, dissatisfied, seeking change, seeking reform, seeking betterment for the little people. David Croll was a man small in stature and he always identified with little people, but he had a grand spirit and a giant will.

In the Jewish tradition, we do not mourn the dead. We celebrate life. For me, and for most of us, David Croll, the man and his ideas, is alive and well. In the words of David the great psalmist, "May his soul be bound up in the bonds of life . . . in thy light do we too see the light".

Hon. Senators: Hear! Hear!

Hon. B. Alasdair Graham: We do not have many heroes in Canada today, but if ever there was a legitimate hero, particularly for the less fortunate and disadvantaged of this country, it was our late colleague, David Croll.

Senator MacEachen referred to the Special Committee of the Senate on Poverty in Canada which Senator Croll chaired. Senator Murray referred to the occasion when friends gathered at the time Senator Croll was made a privy councillor and he said, to quote Senator Murray, "you have made an old man very happy".

Senator Doyle referred to the *Globe and Mail*, and I want to make reference to an article in the *Toronto Star,* which made an old man and a young girl and some others very happy. I am referring to the front page of the *Toronto Star*, November 3, 1969. If I may be permitted, I should like to quote from that story:

• (1450)

> Tish Graham made David Croll cry yesterday.
>
> Tish is a pretty 15-year-old. She's bright, popular and a leader of class 11-A at Sydney Academy in Sydney, N.S. The kind of girl a man hopes his daughter will be.

I can vouch for that. She's still pretty. She is a little older. She happens to be my daughter.

The article goes on:

> David Croll is a 69-year-old senator with white hair. All his life he's been fighting for reform of social legislation. The kind of man a girl would like her father to be.
>
> "The war on poverty should be a hot and furious war," Tish told Croll and his colleagues on the special Senate committee that is trying to find out what has gone wrong with plans that were supposed to have ended want long ago.
>
> "The action fronts in this war must be multiplied and broadened to cover every affected corner of the nation," Tish Graham said.
>
> "We need a just society," she said, "but it must be just for all".
>
> When Tish was finished the color rose in Croll's face until it was beet red. For a long time he said nothing and then passed a hand over his eyes.
>
> "A sense of pride is what does it," Croll said finally, referring to his tears.
>
> It was pride, Croll said later, that kids weren't as bad as they often seemed and pride that a white-haired grandfather from Toronto could find something in common with a 15-year-old schoolgirl from Sydney.
>
> The class at the Sydney high school had spent three weeks gathering statistics, interviewing poor people as well as bureaucrats and then setting their findings and recommendations before the committee.
>
> They decided to do the poverty project instead of term papers on the French Revolution and religious history. Their brief was 29 pages long, had 31 specific recommendations. The committee spent more time with Tish Graham and her classmates than it did earlier with the academics at the Institute of Public Affairs at Dalhousie University who came in with a submission five times as long.
>
> William Neil MacKenzie, class 11-A's history teacher, said the poverty project had proven to the students that establishment institutions such as the Senate are willing to listen to young people if they have something meaningful to say.
>
> "It shows that if young people want to speak to the Senate in Canada they can," MacKenzie said. "They are still interested not in having Molotov cocktails for breakfast but in having senators in for lunch."
>
> When they arrived, Croll told the committee and about 50 spectators in an auditorium at Dalhousie University being used for the hearings: "I'm delighted by the example being set by these young Canadians."

Honourable senators, when it comes to setting an example, no Canadian that I know has ever set a better example than our late colleague David Croll.

Hon. Senators: Hear, hear!

Hon. Joyce Fairbairn: Honourable senators, I join with other colleagues in lamenting the loss of our friend David Croll, but I am also comforted by the fact that, when the time came, he left us quickly and without suffering. He also left confident in the knowledge that on that very last morning he had given, yet again, a stirring reminder of the principles of liberalism and social justice to his colleagues on this side of the house during our Senate caucus meeting. I hope I may be forgiven by my colleagues for mentioning that his last words to us were, "For God's sake, Canadians are afraid they are going to lose their medicare. Don't let it happen." And he looked ominously at each of us around the room to let his message sink in.

He was a remarkable Canadian, as those who have spoken before have noted, and I have always felt it was a privilege just to have known him and to have benefited directly from his wisdom. A year ago in Calgary, at our national Liberal leadership convention, it was indeed an honour to be asked to escort him to the podium as the thousands of members of our party took time out from that convention to honour him for a lifetime of service, with thunderous applause ringing through the Saddledome.

As has been said, the small five-year-old boy who came to Canada from his native Russia in the early years of this century not only lived through, but participated in, all of the great national debates and, particularly, the social struggles of the last six decades.

Senator Croll believed, above all else, in the rights of individuals and in a system of government the goal of which was to contribute with sensitivity to the basics of their personal wellbeing, thereby offering to each of them the opportunity to

serve and to contribute to the collective wellbeing of our country.

There is no doubt in the mind of any of us that some individuals and groups of individuals in Canada are treated less equally and less fairly unless a special effort is made to include them and to force a national consciousness and will with regard to their concerns. Senator Croll was a public figure who chose to force such a consciousness and a will in certain areas where it is very easy for society, government and politicians to look away from citizens because they have no voice in places of power and influence.

Over the years, among many other things, Senator Croll chose two areas in particular, poverty and aging, on which he levelled a passionate and a persistent focus. No one has done it better. On family allowances, Old Age Pensions, labour laws, unemployment insurance, health care, guaranteed annual income and the rights of the Aboriginal peoples he spoke for millions who have very little voice and limited access in our society. He saw this as a personal mission and he leaves us with a responsibility that we dare not ignore as individuals and as representatives of political parties.

Obviously our system has not worked for the poor of all ages in Canada and we continue to let the gap widen between wealth and poverty; and obviously the system has not worked with enough care, sensitivity and foresight in ensuring an active role for seniors at a time when they are, and will continue to be, one of the largest components of our Canadian population. Senator Croll's fight for their security—financial, social and political—never ended, not even on the last day. He leaves a tremendous vacuum which we must fill.

The continued strength of our country to meet its future with confidence depends fundamentally on the real ability of its citizens to participate. That is the simple but very powerful message which Senator Croll transmitted to us both as a challenge and a legacy.

Honourable senators, I join with everyone in this house in offering sympathy to his family at the same time that we rejoice in the memory of an extraordinary life. He will be sorely missed.

Hon. Senators: Hear, hear!

BUSINESS OF THE SENATE

TRANSPORTATION—PORT OF VANCOUVER LOCKOUT LEGISLATION

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have to make a brief statement relating to the business of the Senate.

• (1505)

There is a possibility that the House of Commons will have passed through tomorrow all three stages tomorrow of special legislation to end a lockout at the Port of Vancouver. If that is the case—and I expect to know later this afternoon whether consent has been obtained in the other place—the government would be asking the Senate to pass that bill tomorrow through all stages so that it could receive Royal Assent.

Briefly, the situation is that the union and the management of the Port of Vancouver—and I am speaking now of the grain terminals—have been in a legal strike position since May 7. The situation has deteriorated over that period of time. The union ceased to work overtime sometime ago, as a result of which grain shipments to and through the Port of Vancouver were reduced. Last Sunday, management locked out the union. As a result, the grain shipments through the Port of Vancouver are completely paralysed.

I am advised that if this situation exists for any period of time there will be a loss by the farmers of almost 300,000 tonnes of grain shipments per week. I know, because honourable senators have had to face these situations in the past, that I need not describe to you the potential problems this creates for farmers' incomes, for the transportation system, and so forth.

Mr. Danis, the Minister of Labour, made an attempt to bring the parties together. He made an attempt to secure what I might call a truce in the situation while he appointed an Industrial Inquiry Commission, or something of the sort, to look into the problems. Those efforts by the minister and his officials earlier this week failed.

The government has agreed on legislation. The only question now is the rapidity with which that legislation can be passed through the House of Commons. The Leader of the Government in the other place is now engaged in discussions with his opposite numbers in the opposition parties with a view to obtaining their consent to pass the bill through its three stages tomorrow. If that happens, the Senate would be asked to do likewise.

I am aware that we are in a situation of particular difficulty because many of us intend to go to Senator Croll's funeral tomorrow. I understand that an aircraft is leaving Ottawa at 10 o'clock in the morning and that the funeral is at one. We can discuss later what arrangements will need to be made if this bill passes through the House of Commons. We could put off the bell calling senators until quite late in the afternoon. That would still give us the afternoon and the evening to debate and deal with the bill, if necessary, in Committee of the Whole.

In any case, I will obtain further information as the afternoon goes on, and I will advise honourable senators. I simply wanted to take these few minutes to alert you to what the situation is.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have today's issue of petitions from the citizens of Canada against the GST, asking for its revocation and for an election to enable them to prevent, they hope, further iniquities from this government. They consist of 50

petitions from Quebec, and they come from Roxton Falls, Durham, St. Hyacinthe, Granby, St. Leonard, Adamsville, Bromont, Alma, Hull, Aylmer, Jonquiere, St. Jean-Baptiste, Chicoutimi, Victoriaville, Marieville, Anjou, St. Michel, Wickham, Princeville, Acton Vale, St. Angèle, Richelieu, Montreal, Mercier, Lachine, La Salle, Evain and Rouyn-Norand, with five names on the Ontario list from Evain and Rouyn-Noranda. Total number of petitions, 50; total names 1,032.

From Ontario I have two petitions from Larder Lake and Kirkland Lake. Total petitions, two; total names 41. The grand total of petitions for today: 52, with 50 from Quebec and two from Ontario. Total names, 1,073. From Quebec, 1,032; from Ontario, 41.

COMMITTEE OF SELECTION

THIRD REPORT PRESENTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Thursday, June 13, 1991

The Committee of Selection has the honour to present its

THIRD REPORT

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

SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Atkins, Beaulieu, Chaput-Rolland, Forrestall, Johnson, MacDonald (*Halifax*), *MacEachen (or Frith), *Murray (or Doody) and Spivak.

**Ex officio* members

SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators Kelleher, Kelly, *MacEachen (or Frith), *Murray (or Doody), Nurgitz, Oliver, Poitras, Simard and Sylvain.

**Ex officio* members

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

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

[Senator Frith.]

[*Translation*]

SCRUTINY OF REGULATIONS

FIRST REPORT OF JOINT COMMITTEE PRESENTED

Hon. Michel Cogger: Honourable senators, I have the honour to present the first report of the Standing Joint Committee on Scrutiny of Regulations.

The Clerk at the Table:

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

FIRST REPORT

Your Committee reports that in relation to its permanent reference, section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22, the Committee was previously empowered "to study the means by

Senator Cogger: Dispense.

The Clerk at the Table:

Respectfully submitted,

MICHEL COGGER
Joint Chairman

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

Senator Cogger: Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Hon. Eymard G. Corbin: Honourable senators, are we going to get a copy of this report today?

Senator Cogger: Yes, of course. I assume the officers of the Senate will see to that, Senator.

Senator Corbin: I am not asking whether you assume. Are we going to get a copy now, the way we usually do?

Senator Cogger: As far as I am concerned, I asked the clerk of the committee to make the necessary arrangements.

Senator Corbin: They dispense with reading the report and now they ask us to postpone consideration until the next sitting of the Senate.

We should at least know what is in the report before giving our consent.

Hon. Thomas H. Lefebvre: Absolutely.

The Hon. the Speaker *pro tempore:* If the report is not tabled immediately or pretty soon, it will be postponed until the next sitting.

Senator Cogger: Mr. Speaker *pro tempore*, if Senator Corbin feels his rights have been breached because I asked the Clerk at the Table to dispense with reading the report, in that case, so Senator Corbin will not feel frustrated, I will show my

respect for proper parliamentary procedure and ask the Clerk at the Table to read the report.

Is Senator Corbin satisfied?

Senator Corbin: Honourable senators, I don't understand why the senator is getting on his high horse! All I ask is some respect for parliamentary procedure.

He belongs to that group on the other side of the chamber that wants to strangle us with their new rules, and so he keeps asking to dispense with this and dispense with that.

I don't feel my rights have been breached, Senator Cogger, but I think you should show some respect for an institution that is more important than my rights or yours. There is a certain way of doing things.

I simply asked whether we were going to get the report today. I don't know why you proceeded with an attack on me personally. I don't know why you presume to make the suggestions you made.

I was simply talking about respect for parliamentary procedure. That is all.

The Hon. the Speaker *pro tempore:* Honourable senators, the Clerk Assistant of the Senate has just advised me that copies of the report will be here in two or three minutes.

Does that answer your question?

Senator Corbin: Mr. Speaker *pro tempore*, I wish to thank you for the information. You make eminently good sense.

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Cogger, seconded by the Honourable Senator David, that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Honourable senators, is it your pleasure to adopt the motion?

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

• (1515)

[*English*]

COMMONWEALTH PARLIAMENTARY ASSOCIATION

TWENTY-FIRST CONFERENCE OF THE CARIBBEAN, THE AMERICAS AND THE ATLANTIC REGION IN PORT OF SPAIN, TRINIDAD AND TOBAGO—NOTICE OF INQUIRY

Hon. Heath Macquarrie: Honourable senators, I give notice that on Tuesday next, *inshallah*, June 18, 1991 I shall call the attention of the Senate to the Twenty-first Conference of the Caribbean, the Americas and the Atlantic Region of the Commonwealth Parliamentary Association held at Port of Spain, Trinidad and Tobago from May 12 to 18, 1991.

INTER-PARLIAMENTARY UNION

EIGHTY-FIFTH INTER-PARLIAMENTARY CONFERENCE, PYONGYANG, DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA—NOTICE OF INQUIRY

Hon. Nathan Nurgitz: Honourable senators, I give notice that on Tuesday next, June 18, 1991, I will call the attention of the Senate to the Eighty-fifth Inter-Parliamentary Conference in Pyongyang, Democratic People's Republic of Korea, from April 19 to May 4, 1991.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I had intended at this time to move the adjournment motion for Monday next. Obviously that cannot be done now because of the information that Senator Murray shared with us a little while ago. I will have to ask leave to revert to notices of motion when the situation becomes more clear.

QUESTION PERIOD

TRANSPORTATION

PORT OF VANCOUVER—LOCKOUT LEGISLATION

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government in the Senate if he could help us a little more with the explanation respecting the legislation ordering the resumption of activities at the grain terminals on the west coast.

I am not requesting the details, certainly, but perhaps he could tell us what is the essential part of the legislation that, in this case, would order the companies to cease the lockout and, at the same time, order the workers back to work.

The reason I raise this is because I remember a time when the pressure was on, and the pressure is always put on very heavily for the government or Parliament to act. That happened before this government was in office, so it is not unique to this situation. I remember a time when the grain companies let a work stoppage carry on for seven weeks before they made an offer that they knew was required to get the union back to work. In this case it was at Thunder Bay.

I just want to be assured that, if we go through this very quickly—and I am not arguing about the justification of the request—it is not one of those situations where these same grain companies are asking the government to take on a task without providing some balance between the position of the unions and that of the grain companies. I do not want to belabour this, but they have a reputation for doing this type of thing. The last offer they made was way short of what they knew they had to make to get the unions to obey the back-to-work order coming from the Parliament of Canada. I would hope that in the legislation there is some balance between the two positions so that it is not a one-sided decision by the Parliament of Canada.

Hon. Lowell Murray (Leader of the Government): Honourable senators, obviously I have no brief for either of the parties, certainly not for the companies that caused the lockout. I think the elements of the legislation which we will

present will be quite familiar to my honourable friends and others who have been down this road before.

Briefly stated, we intend to extend the life of the collective agreement for a certain period of time and to provide for arbitration of the dispute. I do not think I can go further that that for the moment because Mr. Andre would be doing no more than giving notice of the legislation in the house today.

• (1525)

Senator Olson: Honourable senators, I can understand that this is difficult to deal with. It seems to me that Parliament has learned that it should not get involved in settling a labour dispute in which one side or the other stands to win a great deal as a result of delaying the implementation of any back-to-work order. If there is some arbitration later which will, in fact, have the force of law with respect to reaching a reasonable settlement between both sides, then I would not hesitate to support the government in doing this. I suppose that is what the government is trying to do, and I would be there to support it.

As I have said, I can remember when settlements were brought in and the legislation did not provide for a redress by arbitration afterward concerning both sides in the dispute. Therefore, one side could win by delaying further.

Senator Murray: I appreciate the points made by the honourable senator. He will have an opportunity to make them again when the legislation is before us and, as I have said, if necessary, to question the sponsoring minister, who would be Mr. Danis, in the Committee of the Whole.

Having said that, I think I should repeat again that those parties have been in a legal strike situation since May 7. Various attempts to bring them together have failed, and I refer not only to the one this week on the part of the minister and his officials. At one point the parties even brought in an experienced private sector mediator, a man by the name of Mr. Ready, who walked away after a certain time. Attempts to reach a negotiated settlement of the dispute have simply failed.

THE ECONOMY

VALUATION OF CANADIAN DOLLAR—GOVERNMENT POLICY

Hon. Douglas D. Everett: Honourable senators, I have a question for the Leader of the Government in the Senate. On several occasions I have spoken about what I consider to be an egregious overvaluation of the Canadian dollar and the consequences of that overvalued dollar both for our manufacturing industries and for across-the-border shopping.

I should like to ask the Leader of the Government whether in negotiating the Free Trade Agreement there was any undertaking given to the Unites States that the Canadian dollar would be maintained at a certain level, or at a range of levels.

Hon. Lowell Murray (Leader of the Government): Honourable senators, my advice on that matter is that there was no such undertaking.

[Senator Murray.]

DELAYED ANSWERS TO ORAL QUESTIONS
THE ECONOMY

CROSS-BORDER SHOPPING—EFFECT ON CANADIAN COMMUNITIES—REPORTS OF PROPOSED ADVERTISING CAMPAIGN—REQUEST FOR DETAILS
CROSS-BORDER SHOPPING—EFFECT ON SMALL BUSINESS IN CANADA—NEED FOR CHANGE IN POLICY—GOVERNMENT RESPONSE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to questions asked in the Senate by honourable senators. I would ask that these answers be printed as part of today's proceedings. The first delayed answer I have is in response to questions raised by the Honourable Senators Perrault and Stanbury regarding the effects of cross-border shopping on Canadian communities, and on small business in Canada.

(*The answer follows:*)

Cross-border shopping is just one element of Canada's international trade. The Government recognizes this and has a number of efforts underway or under consideration to ensure that Canada and Canadian businesses are able to compete, while guaranteeing Canadian consumers access to competitively priced goods and services.

The Government is working with communities, private sector business groups and others to assess the many and complex factors which determine the competitiveness of Canadian suppliers. This spirit of cooperation will ensure that the results will be balanced and effective. Internally, Industry, Science and Technology Canada, National Revenue, the Department of Finance and other concerned departments are working closely together to ensure that the federal response is well considered and coordinated. These departments are also in touch with various provincial governments.

The question of collection of PST at the border is under consideration by the Government at this time. Provincial cooperation and requests would, of course, be needed.

Price differentials between Canada and the U.S. are not only attributed to the higher margins collected by the retailers. The structure of the distribution chain, scale economies, competition levels, operating costs and costs of goods sold are other factors in price discrepancies. These preliminary findings will give direction for more detailed research and consultations with industry.

Canada lives in a competitive international marketplace and Canadian consumers have the right to make their own shopping choices. The Government's goal is to ensure that Canada is so competitive that they will choose to shop here. This may take some time, but it is the fair and efficient objective we must pursue. At a recent meeting organized by the Retail Council of Canada, participants, including private sector interests and all levels of government, agreed that closing the border was not a solution to the problem of balancing our competitiveness with U.S. retailers.

Under the FTA, Canada and the U.S. are obligated to maintain rates of duty no higher than those specified in the agreement, and to reduce these rates according to an agreed schedule. Any increase in Canada's customs duties on these products would violate the Canada-U.S. Free Trade Agreement, as well as the GATT.

Erecting administrative barriers, or for goods subject to import quotas (e.g. dairy, poultry, eggs), any reduction in the amount that same-day travellers are allowed to import might raise similar questions regarding our international trade obligations and provoke a strong reaction from the U.S. and other trading partners.

The Government has released the Ernst and Young *Preliminary Study of the Competitiveness of Distribution Channels*, and a number of other initiatives are underway (Departments of Revenue Canada, Tourism, and Agriculture) but this will not be solved by one single political announcement. The Government will continue to move on a wide range of fronts to build competitiveness in Canada, and results will be seen over time. However, it will take time to correct the problems, but we have the will, and a broad range of cooperation to succeed.

In 1989, the Minister of Agriculture initiated a major review of agricultural policy, including the establishment of poultry and dairy task forces to recommend supply management systems improvements when they report later this year. These industry-wide groups representing producers, processors, distributors, and consumer groups are specifically examining pricing as an integral part of their mandate. Agriculture Canada studied grocery price comparisons in Canadian and U.S. border communities, the results of which will be used, in consultation with industry, in developing its marketing strategies.

Customs and Excise is dedicated to developing new approaches to improve both service to travellers, and enforcement of the legislation. For example, Customs and Excise has already taken several initiatives to facilitate customs procedures such as: automated cash machine, a pilot project at Douglas B.C., and express lane pilot projects in Niagara Falls and Windsor, increased staff at busy locations, and improved shift scheduling. Canada Customs two key responsibilities are to facilitate the cross border movement of travellers and goods, while providing equitable enforcement of collection of duties and taxes owing to the Canadian Government.

Tourism Canada has commissioned Coopers & Lybrand Consulting Group to study how Americans view the prices and benefits of visiting Canada to allow us to move strategically to address any real or perceived problems. The Government is actively working with the industry to promote and market tourism in Canada.

PARLIAMENT HILL

PRESENCE OF METAL BARRIERS FACING PARLIAMENT BUILDINGS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the next delayed answer I have is in response to a question raised in the Senate on May 14, 1991, by the Honourable Eymard G. Corbin regarding Presence of Metal Barriers Facing Parliament Buildings.

(*The answer follows:*)

The RCMP and the Sergeant-at-Arms' office have reached a consensus that the barricades be left in place along Upper Drive for the foreseeable future subject to ongoing assessment of the world and national threat situation.

Although hostilities in the Middle East have diminished considerably, the increasing number, size and impromptu nature of demonstrations will continue. Statistics indicate an upward trend in demonstrations and threats against Parliamentarians for some time to come.

The RCMP has used barricades to help control demonstrations for many years; and continues to do so on an increasingly frequent basis.

A permanent installation of aesthetically acceptable barricades is being considered as the temporary metal barricades now being used are not considered to be the best solution.

IMMIGRATION

DETERMINATION OF REFUGEE STATUS—BACKLOG OF CASES—GOVERNMENT POLICY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the next delayed answer I have is in response to a question raised in the Senate on May 21, 1991, by the Honourable Stanley Haidasz regarding Determination of Refugee Status—Backlog of Cases—Progress Since Passage of Legislation.

(*The answer follows:*)

Employment and Immigration Canada (EIC) received its mandate in December 1988 to clear the refugee claimant backlog using a system similar to the one which became effective on January 1, 1989. The backlog clearance process includes an examination of the merits of each claim and consideration of any humanitarian and compassionate (h&c) factors which may be involved in an individual case. Persons whose claims are determined to have credible basis by a panel consisting of an adjudicator and a member of the Immigration and Refugee Board may apply for permanent residence. Persons whose claims are deemed to have no credible basis face removal from Canada where no humanitarian grounds exist to allow them to remain.

The budget for clearing the backlog is approximately $100 million for processing and accommodation costs, and $79.5 million for settlement and language training. As of

the end of March, 1991, EIC had spent approximately $73.3 million, and the Immigration and Refugee Board had spent $10 million for an expenditure total of $83.3 million. At that time, more than half of the cases had been decided with an overall acceptance rate of 65 percent.

The department is also concerned with the delay in clearing the backlog; however, the issue is refugee determination. The hearing of a refugee claim takes place in a quasi-judicial setting. While not as efficient as administrative decision-making, a tribunal allows the claimant the right to counsel and considerable leeway in presenting his case, including the tabling of documentary evidence and the calling of witnesses when required. Many tribunals have experienced a high number of adjournments requested by claimants and their counsel as well as lengthy legal charter arguments. It has become apparent that the majority of delays in the process are a result of fairness taking precedence over expediency.

A review of the refugee determination system by the Department of Employment and Immigration is now in progress.

Since January 1, 1989 over 38,000 cases at the first level have been found to have a credible basis. In 1989 and 1990, 91 percent and 92 percent of claims and in the first quarter 1991, 91 percent have been found credible.

At the second level, since January 1989, over 20,600 persons have been found to be convention refugees. In 1989, 90 percent were found to be convention refugees and 79 percent in 1990. The figure increased to 82 percent in the first quarter of this year.

IMMIGRATION

RECOMMENDATION OF INTER-CHURCH REFUGEE REVIEW COUNCIL—GOVERNMENT POSITION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the next delayed answer is in response to a question raised in the Senate on May 21, 1991 by the Honourable Stanley Haidasz regarding Immigration—Recommendation of Inter-Church Refugee Review Council.

(*The answer follows:*)

The recommendations made by the Inter-Church Committee for Refugees were presented to the United Nations Committee for Human Rights in October 1990. These recommendations are contrary to the principle of case by case review and refugee determination, both of which form the foundation of the present refugee determination system and the mandate approved by Cabinet for clearing the refugee claimant backlog. The option of an amnesty was rejected then and it is still: the House of Commons Standing Committee on Labour, Employment and Immigration has supported this decision. To do otherwise would be unfair to potential immigrants, and to their relatives in Canada, who have followed the lawful process for immigration to this country. Further, applying relaxed immigration selection criteria would have rewarded too many people who had abused the refugee determination system by making claims with no substance as a way of staying in Canada and in fact would encourage further abuse of the refugee determination system.

The process is well-established and more than half the cases have been decided with an overall acceptance rate of 65 percent. To change the process at this stage would achieve no meaningful results, given the time and expense inherent in implementing new regulations and procedures along with the requirement for retraining. Nor would it be fair to those who had already gone through the process as it currently exists.

EDUCATION

A LEARNING CULTURE—GOVERNMENT POLICY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the next delayed answer I have is in response to a question asked by the Honourable John Stewart on May 22, 1991 regarding A Learning Culture in Canada—Government Policy.

(*The answer follows:*)

The National Forum on Post-Secondary Education, held in Saskatoon in 1987, is a good example of leadership and consultation arising from a joint federal-provincial initiative in support of post-secondary education.

The objective of the Forum was "to explore the challenges and opportunities facing Canada's universities and colleges in preparation for the 21st century". More than 500 persons representing a broad spectrum of Canadian society, including the administration, faculty and students of colleges and universities, leaders from business and labour, governments and special interest groups, met for three days of intense discussion.

The National Forum identified four key post-secondary policy areas in which federal-provincial/territorial collaboration was especially important:

—student assistance;

—international students;

—university research; and

—statistics on education.

These issues, and a number of others, had already been on the federal-provincial agenda, but were given new impetus by the Saskatoon conclusions. Since then, important progress has been made through enhanced federal-provincial cooperation in the four areas noted at the Forum.

Student Assistance

The Intergovernmental Consultative Committee on Student Financial Assistance, formed in 1987 by the Secretary of State and the Council of Ministers of Education, Canada (CMEC), has provided a forum for information exchange on the status of student financial assistance

in each jurisdiction. Discussion of common concerns has facilitated the coordination of federal-provincial policies and viewpoints, and encouraged harmonization of approaches to assist students across Canada.

As part of the policy review process, an Advisory Group was also established in 1987 to examine policy aspects of the Canada Student Loans Program and offer advice on possible changes. The Advisory group consists of representatives from national associations of students, student financial aid administrators, educational institutions, and lending institutions.

An independent review of the criteria and administrative arrangements for assessing student financial need under the Canada Student Loans Program was announced in December 1989. The purpose of the review is to produce recommendations for improving the fairness and effectiveness of the allocation of student assistance, minimizing opportunities for abuse and permitting better control of government spending on student aid. The report is expected later on this year.

International Students

Although international students come under provincial jurisdiction in terms of their education, certain aspects of their experience, such as admission to Canada and employment regulations, fall primarily under federal jurisdiction.

Collaboration in this area is made possible through the Federal-Provincial Consultative Committee on Education-Related International Activities, co-chaired by officials of the Department of External Affairs and the CMEC. Recruiting and accommodating international students in Canada is on the agenda of this Committee.

University Research

In January 1988, the Prime Minister announced an allocation of $1.3 billion for new science and technology initiatives over a five-year period, beginning in 1988-89. One such initiative is the $80 million Canada Scholarships Program, which recognizes top students and encourages them to pursue undergraduate degrees in the natural sciences, engineering and related disciplines through the provision of up to $8,000 to each recipient over a four-year period. This Program has been the subject of discussion between the federal government and the CMEC.

Another initiative of importance to post-secondary education is the $240 million Networks of Centres of Excellence Program, which promotes university-industry partnership in world-class research to enhance Canada's long-term economic competitiveness. The initial fifteen projects to be supported under this program and involving thirty universities were announced in 1989.

Also within the announced allocation was additional funding of $200 million for the base budgets of the three federally funded research granting councils. The bulk of the direct costs of research undertaken in Canadian universities is provided by these councils. Provincial government operating support to the universities covers the majority of the indirect costs of research. Increasingly, some provinces are also contributing towards the direct costs of research.

Statistics on Education

The CMEC and Statistics Canada established a Canadian Education Statistics Council by Protocol in September 1989. The Statistics Council is developing a statistics program reflecting the priorities of the provincial ministries of education.

The first publication of the Council, A Statistical Portrait of Elementary and Secondary Education in Canada, was released in September 1990. The publication explores the general demographics of school-aged children, trends in enrolment and teaching staff, and the financing of elementary-secondary education in Canada. It represents a consensus among the provinces on the most significant statistics on Canada's elementary-secondary school systems; this consensus is particularly important in the presentation of inter-jurisdictionally comparable data.

There has been considerable international interest in further developing indicators for education performance, and Canada is participating fully in many of these initiatives. The Organization for Economic Co-operation and Development (OECD), for example, has initiated a major project entitled the International Educational Indicators Project which has four country networks and two technical groups reporting to it. Canada has made significant contributions, in particular to Technical Group 2 "Costs and Resources", based on its experiences in collecting and organizing financial data on education.

FISHERIES

LEGALITY OF FEES CHARGED TO FISHERMEN FOR MONITORING CATCHES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the next delayed answer is in response to a question raised in the Senate on May 28, 1991 by the Honourable Lorne Bonnell regarding Fisheries—Legality of Fees Charged to Fishermen for Monitoring Their Catches.

(*The answer follows:*)

The legal authority for the dockside monitoring program is section 7 of the *Fisheries Act*, section 17(3)(a) of the *Atlantic Fisheries Regulations, 1985* and sections 3(1)(a) and 3(4) of the *Fisheries Development Act*.

FOREIGN AFFAIRS

APOLOGY TO CANADA BY GOVERNMENT OF JAPAN—LACK OF FINANCIAL COMPENSATION—GOVERNMENT POSITION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the next delayed answer is in response to a question raised in the Senate on May 30, 1991 by the Honourable Stanley Haidasz regarding Foreign Affairs—

Apology to Canada by Government of Japan—Lack of Financial Compensation.

(*The answer follows:*)

The War Amps of Canada applied to the United Nations for, and was granted, Non-governmental Organization status which allowed them, on behalf of the Hong Kong Prisoners of War, to apply to the Human Rights Commission at the United Nations for recognition that the treatment they received at the hands of their captors "represents gross violation of human rights and recommends compensation".

Although the Department of Veterans Affairs supported their application to the U.N. for this special designation, the Department has not involved itself further as this would result in their losing their special status at this forum.

Although no amount of money is sufficient payment for what these veterans went through, the pensions and benefits the Government provides are second to none.

Canada has already paid more than $50 million in prisoner of war compensation to former POWs of the Japanese, and this figure does not include disability pension payments.

Canada is unique in paying compensation to former POWs without regard to other disabilities or the economic status of the veterans.

FISHERIES

AUTHORITY FOR MONITORING FEES—ADVICE OF COMMITTEE COUNSEL—GOVERNMENT POSITION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the next delayed answer is in response to a question raised in the Senate by the Honourable John Stewart on May 30, 1991, regarding Fisheries—Authority for Monitoring Fees—Advice of Committee Counsel—Government Position.

(*The answer follows:*)

The Government has reviewed the opinion of the General Counsel to the Standing Joint Committee for the Scrutiny of Regulations. The position of the Government is that the dockside monitoring program is soundly based in law.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

SECOND READING—DEBATE ADJOURNED

Hon. Normand Grimard moved the second reading of Bill C-15, to provide for certain matters respecting official languages, employees' pensions and labour relations in connection with the transfer of certain airports.

[Senator Doody.]

He said: Honourable senators, I am pleased to rise today for second reading a bill respecting different matters related to the transfer of airports to local airport authorities.

This bill will allow the government to finalize negotiations that are underway to effect those transfers and to fulfil the objectives of the government's policy in this matter, keeping in mind that this bill deals exclusively with employee-related matters.

I should like to take a few moments to explore the history of this transfer initiative, to put this bill into perspective for my honourable colleagues. Beginning in March, 1987, the federal government began discussions on an airport transfer policy on the basis of certain broad principles. The terms and conditions for the transfer of federal airports to local interested parties were set up. Supplementary principles to guide the negotiations were approved in May, 1989.

The government's objectives from the beginning were, first, to allow the airports to better serve local community interests; second, to reinforce regional economic development potential; and, third, to permit the national airport system to operate in a most cost-effective and commercial manner.

This policy aims to improve the efficient commercial operation of federal airports through a more locally-responsive management structure. With local authorities at the controls, airports will be able to respond quickly to changing needs and market forces with innovative ideas.

The flexibility that will be afforded to the local airport authorities, or LAAs, will enable them to take advantage of the business opportunities that present themselves, and will help them to directly contribute to regional development initiatives.

As I have mentioned, the 1987 policy statement and the supplementary principles of 1989 were developed to set out the conditions under which airports would be transferred to local authorities.

[*Translation*]

Two of these are especially important and I would like to take a look at them at this time. First of all, the local airport authority has to provide permanent employees with work as well as wages and benefits equivalent to what they earned as employees of the Department of Transport. Employees must be treated fairly. It is one of the basic principles involved in the transfer of airports. The well-being of employees has to be properly ensured.

Second, on the financial level, the airport's net revenues, both present and anticipated, as well as a share of revenues by the local airport authority must go to the government.

As an integral part of the transfer process, the government has recognized that the well-being of the airport employees should be properly ensured. Transport Canada airport staff are competent and dedicated people. This bill and the principles governing the terms and conditions of the transfer will see to it that they are treated fairly.

Prompt passage of this bill would go a long way towards addressing the concerns of the airport employees by solving their main problems. For instance, the proposed legislation would give those employees one year to decide whether or not they want their federal pension benefits transferred to the plan offered by the new local airport authority.

Under the proposed legislation, the employees' collective agreement would be continued until it expires or a new one is entered into.

Labour relations issues at the time of the transfer and thereafter will be solved in accordance with the Canada Labour Code and the terms of reference of the Canada Labour Relations Board.

Also, in accordance with this Bill on the transfer of airports, local airport authorities will continue to provide services in both official languages in federal airports. But I will deal with this further on.

I just want to say that the airports are not being privatized, they are transferred to local airport authorities which in turn lease the facilities from Transport Canada. Individuals and private companies will not directly own or lease these airports. The federal government firmly intends to follow up on this policy, and the transfer of these airports is one of its top priorities.

Indeed, this whole issue of airport transfer to local businesses is nothing new. I think you all know that this has been done in the United States. A few months ago, I had the opportunity, along with other senators, including senator Molgat, Roméo LeBlanc and senator David, to travel to France with the Canada-France Parliamentary Commission. During our stay, we visited the Satolas airport, in the Lyon area. The Lyon Regional Board of Trade has been operating the airport for 25 years now. We asked the chairman of the Lyon Regional Board of Trade if that operation has been profitable to the region. He told us that it not only has it been profitable, but that they were getting ready to renew their contract with the French government.

• (1535)

[*English*]

One of the reasons that the government is so eager to see this bill become law is because so much interest has been shown. Indeed, there have been meetings with a number of community groups who are extremely enthusiastic about seeing their airports transferred to local airport authorities. The process is now well established and the pace of progress is gathering momentum. Substantive negotiations are well under way with local airport authorities in Montreal, Calgary, Edmonton and Vancouver. These four local airport authorities with LAAs—have now received the federal lease-rental formula and financial negotiations have been concluded. They have also presented the Transport Canada airport group site employees with a comprehensive package of benefits as well as formal offers of employment. The draft legal documents to effect the transfers have been provided to the four LAAs and are currently being negotiated. Signature of the agreement to transfer documents to these four communities could take place as early as September or October of this year, with the actual transfer taking place before the end of 1991 or early in 1992.

It should also be noted that substantial interest has also been shown for airport transfers in the following communities: Quebec City/Ste. Foy, Moncton, Windsor, Thunder Bay, Winnipeg and Kamloops.

Honourable senators, this is an important piece of legislation for many Canadians. It is consistent and complementary to the government's desire to bring rationality to national air transportation. The government believes that this can best be accomplished by the application of the spirit of competition that resides in the private sector. This policy, however, will in no way diminish the one fundamental constant in the Canadian transport industry; namely, safety and security. The unwavering dedication to the provision of a safe and secure air transportation system is stronger than ever before at Transport Canada. This has been the constant thread in the tapestry of the department's policies over time. The federal commitment in this regard is sound and well-known.

I hope I can ease concerns that any of my honourable colleagues might have regarding aviation safety. The federal responsibility for ensuring a safe air navigation system in this country is not changed one iota by this bill. Transport Canada will retain authority and enforcement powers with respect to standards of safety and security for the aviation industry and travelling public. This includes full responsibility for air traffic control. Controllers, for instance, will continue to be employees of Transport Canada.

I would like to take this opportunity to briefly address one of the issues raised in the other place; namely the application of the Official Languages Act. I expect that we may be hearing from the Commissioner of Official Languages or his representative when this bill goes to our Standing Committee on Transport and Communications. During consultation with the interested parties, many strongly expressed their view that we should not legislate the application of certain provisions of the Official Languages Act that deal with the issues of, for example, the language of work, which is Part V of the act; participation of English-speaking and French-speaking Canadians in Part VI and the advancement of English and French in Part VII. Our first priority has always been service to the public in both official languages. That right is guaranteed fully in this bill.

• (1545)

[*Translation*]

In theory, it has been deemed satisfactory that all social bodies in the private sector, like local airport authorities, be subject to a similar treatment so as to ensure that their commercial viability or competitive status remain unchanged.

As well, the local airport authorities will form a series of distinct local organizations designed especially to see to their communities' commercial needs. These organizations will be composed not only of former federal employees, but possibly of

former employees of provincial as well as municipal governments.

You will notice that at the main federal airports, most services to the public are currently offered through concessions under contract with the Minister of Transport. These concessions are currently operated by the private sector and are not subject to Parts V and VI of the Official Languages Act. However, they must offer services in both official languages and will continue to do so under section 4 of Bill C-15, when the airports are managed by the local airport authorities.

The local airport authorities have been created in order to better serve the economic development objectives of local communities. Some of you may not know this, but the members of most of these local airport authorities are representatives of cities or provincial governments.

For instance, the local airport authorities in Montreal are representatives of the cities of Montreal and Laval, of the Montreal Urban Community, of the Chambre de commerce, of the Board of Trade and of other like organizations.

Consequently, we can logically predict that in keeping with sound business practice, the local airport authorities will continue to be sensitive to the linguistic composition of their staff and to the linguistic choice of individual employees and clients.

It is also worth noting that most of the federal airports that have been transferred are located in areas which are not designated bilingual as far as the language of work is concerned.

To sum up, this bill will allow the government to transfer airports to local authorities. As well, it will improve Transport Canada's capacity to focus on vital aspects of transport in the country.

That is why I am pleased to present this Bill to the honourable senators. Like the Minister of Transport I firmly believe, that this bill, if passed, will be of great service to Canadian travellers.

Hon. Eymard Corbin: Honourable senators, if I may, I would like to put a couple of questions to my colleague. Concerning the enforcement of the Official Languages Act, he made the point, that the Commissioner of Official Languages would probably oppose a few objections during the bill's study in committee. You did not tell us what would be the basis of his objections. Could you tell us a bit more at this stage of second reading?

Senator Grimard: Honourable senators, when this bill was studied by the House committee, the Commissioner testified and blamed the fact the bill did not refer to sections 5, 6 and 7 of the Official Languages Act.

Now, section 5 is the one concerning the working language. I appreciate your question, Senator Corbin, and you should know that four cities are interested now, as I said earlier, and that they are most ready to sign the transfer documents; they are Montreal, Calgary, Edmonton and Vancouver. Now, of those four cities, Montreal would precisely be the most concerned by the issue of the working language. The Board of directors of the organization that wishes to manage the airport

appeared before the committee and explained that section 5, if adopted, would put Montreal in a competitive disadvantage compared to its close competitors that are Toronto, Boston and New York.

That was mentioned by Mr. D'Iberville-Fortier who was present. He made more or less the same remarks concerning sections 6 and 7 of the *Official Languages Act*.

I respect the opinion of Mr. d'Iberville Fortier—he has a job to do, it is understandable—the Commissioner of Official Languages is there to see that the Act is implemented, that specific things have to be done.

Local airport authorities are not government agencies, they are non-profit private enterprises which should not be burdened by requirements which would make them non-competitive on the marketplace. To the representatives of the four cities who appeared before the committee—Montreal, Calgary, Edmonton and Vancouver—we asked the same question: "Are you satisfied with bill C-15, formerly was C-85?" They all answered "yes". Would you have any changes to propose? Could you live with the bill as it is? There again they unanimously answered "yes".

I might be venturing a bit far in my answer, but I told you a while ago, Senator Corbin, that people heading these local airport authorities were from Chambers of Commerce, cities, provincial governments or local communities. They are highly competent people there to make a success of their airport authority. The main thing is that, instead of waiting for guidelines from Ottawa which often take months, even years to come, local people will be able to work in the interest of their own airport, with a minimum of delay.

Senator Corbin: I thank the honourable senator, but he talked to me about being competitive, about local authorities and all that, but he did not really answered my question which was about the concerns from the Office of the Commissioner of Official Languages.

If I got the gist of your remarks, Transport Canada puts the emphasis first on aviation safety. We already had that debate during the 1970's, on the issue of aviation safety versus both official languages being used by Transport Canada employees. You may remember that debate or at least parts of it. It was not an easy one for anybody.

Honourable senator, you are from Quebec and I am from New Brunswick. I know fairly well the inner workings of the Official Languages Act. I was involved in the development and implementation of that legislation right from the start. In 1969, I sat on the House of Commons committee which examined government proposals.

During a few years, I sat with your colleague, Senator Murray, on the Joint Committee on Official Languages and had to go through a systematic scrutiny of the Official Languages Act implementation by federal departments.

I am no longer a member of that committee, but I still keep an eye on it and inquire daily about its proceedings. Moreover, I follow with a great deal of interest, just like you do presum-

ably, critics on one side or the other that are echoed in the media.

What causes me great concern is the fact that, in your remarks, you talked about the airport in Moncton as if Moncton had the same problem as Montreal with regard to bilingualism. I am surprised to hear you say that the government is ready to water down the Official Languages Act because we, Canadians, have to compete with airports in Boston and Toronto. A lot of francophones travel via Boston and Toronto. Airlines that have their headquarters in Boston or elsewhere in the United States still have obligations when they want to operate in our country.

I am under the impression that this bill will weaken the general scope of the Official Languages Act and its enforcement. Under this policy, local airport authorities will be responsible for the enforcement of the spirit and the letter of the Official Languages Act, but they may set aside certain provisions of the act in order to give priority to the competitive aspect or the safety aspect.

I am in favour of security and competition up to a certain point. But when Canada is in the midst of a constitutional crisis, I belive it is sending a very bad message to say: "Well, do not be surprised if at the airport of Moncton, Toronto or Windsor, everywhere there are francophones who want to speak their language if possible, it becomes more and more difficult to do that."

The timing of this bill, while we are in the middle of a constitutional crisis, particularly as it pertains to the application of the Official Languages Act, worries me very much. Your words did not reassure me a bit, dear colleague. I do not want to blame you, but up until now you have not said anything at this stage of second reading which can satisfy me as a francophone from New Brunswick. I do not think either that it will satisfy the Acadians of Moncton and its surroundings.

Consequently, I hope that at committee stage we will have more information than we have now. Otherwise, I believe we will have ourselves in the same situation as in 1969 and we will have to fight the battle for francophone rights in this country all over again.

It is clear that English will not suffer from the passing of this bill, but that French and francophones will. This worries me and I wanted to tell you.

On motion of Senator Frith, debate adjourned.

• (1555)

[*English*]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Meighen, for an Address to His Excellency the Governor General in reply to his speech at the opening of the Third Session of the Thirty-fourth Parliament.—(*Honourable Senator MacEachen, P.C.*) (6th day of resuming debate)

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I intend to make a few additional remarks on the address in reply. In the remarks I made on Tuesday I spent a good deal of time on the question of "national reconciliation" as it was described in the Speech from the Throne in 1984, now described as "national unity" in the most recent Speech from the Throne. I intend today to make a few comments on the economic situation, internationalism and some comments on that portion of the Speech from the Throne entitled "Changing the Way Ottawa Works."

The second great pillar of wisdom erected by the 1984 Speech from the Throne was "economic renewal." Remember that "economic renewal" was to be achieved by reducing the budget deficit, controlling the burden of the public debt and increasing private investment, research and development. That was six years ago, in the context of what was, according to most indicators, a strong and rapidly expanding economy. "Economic renewal" has now been renamed "prosperity for all" in the recent Speech from the Throne, and Canadians are being invited to participate in the elaboration of a new strategy.

What are the building blocks of this new strategy? They are all identified in the Speech from the Throne: deficit reduction, interest rates, tax reform, free trade, private investment and productivity growth. Senator Lavoie-Roux will have seen in this list a manifestation of remarkable continuity in government policy. Failing on my part to find any new elements, I find the recycling of the six-year old plan for economic renewal a manifestation of government management failure on virtually all counts.

I said a good deal during the closing days of the last session in several speeches which turned out to be somewhat of an obituary to Michael Wilson's years as Minister of Finance. By way of a brief summary, let me say that the government has failed to keep the budget deficit below the $30 billion mark despite a long spell of favourable economic conditions. We recall that the first phase of tax reform pumped purchasing power into an already-stretched Canadian economy, with resulting inflationary effects. The government fuelled more inflation with the GST. The result was high interest rates and a recession. In the depth of this recession the economy is still hampered by abnormally high inflation rates and interest rates. We know that Canada's national debt has doubled and, as a country, we have joined the ranks of the largest holders of foreign indebtedness in the world.

Referring to another section of the Speech from the Throne, I would challenge any member on the opposite side to provide justification, in the form of facts and figures, for the unsubstantiated statement in the Speech from the Throne to the effect that the Canada-U.S. Free Trade Agreement has helped to secure the Canadian economy in difficult times. That is a surprising statement. Indeed, government spokesmen have argued with some reason that it is extremely difficult, if not impossible, to trace back to the FTA the origin of the loss of

jobs, investment and productive capacity to the Canadian economy. It now appears that it is easy to trace back nondescript benefits to the FTA.

• (1605)

As to the statement that for the first time in 16 years Canada has been attracting more direct investment than has been going abroad, it should be read in the context of Canada's dwindling share of the global stock of foreign direct investment, of the lower proportion of direct to portfolio investment and of the large share of direct foreign investment flowing into foreign acquisitions and takeovers in Canada. All of these points were made, and I hope documented, in my speech of April 9 on foreign indebtedness.

Those with long memories will have noticed that one feature of the 1984 economic renewal plan was dropped from the new strategy, namely, investment in research and development. On this score the government record of cuts and broken promises is so clear that the silence on the subject comes as no surprise.

I want to say one good thing about the economic portion of the Speech from the Throne. I am referring to its advocacy of a single integrated market for Canada. That was urged upon the government at a time when the government itself was totally pre-occupied with its FTA negotiations with the United States and failed to pay any attention to the necessity of integrating the Canadian market. We will want to watch closely how the government intends to make up for lost time.

Just a word about Canadian foreign policy: The last great pillar of wisdom in the 1984 Speech from the Throne was renewed Canadian internationalism. In subsequent years the government did include, in Speeches from the Throne, observations on foreign policy which reflected its preoccupations of the time.

It is not my intention to make a long speech and to discuss the record of the government in foreign policy. My point is that at no time since 1984 has the state of the world held greater promise of change and progress. I have in mind the end of the cold war and the beneficial effects on Eastern Europe. I also have in mind the opportunity to deal with aggression thanks to a worldwide security system based on the United Nations. I have in mind the lessons of the Persian Gulf War and renewed efforts to bring peace to the Middle East, and, perhaps of greater importance than all, the progress of the cause of human rights and of democracy as foundations for a new world order.

I am sure we all agree that these are challenging times and that Canada should be at the forefront of a new quest for peace and security as it always has been. Perhaps the most disappointing aspect of the Speech from the Throne is that the government should have chosen this time to ignore or, worse, to cover in a couple of trite sentences the world dimensions in which our future as a country will be shaped. This will serve probably as a dramatic reminder of the changing Canadian position in, and sense of responsibility towards, the world.

The government did remind us that Canada is inescapably part of the global economy, but it has done so solely in an economic context in which the competitiveness of others is viewed as a threat which we must meet with increased productivity. If this is indeed the end of how we should feel towards the rest of the world, then let me say that we have already lost the Canada we were proud of. This inward-looking stance is not compatible with the recent discourse of a government which recently brought Canada into war allegedly on behalf of the United Nations.

We also should be somewhat concerned about the statements made recently by the Prime Minister in Hong Kong and Japan in which he denigrated before an international audience financial policies and performances in Canada. Such statements made abroad do damage to Canada and carry a heavy cost to our reputation. Probably as an indication of what appears to be disorder or disarray in the management of foreign policy we have the disgraceful Al-Mashat affair, with ministers refusing to bear ministerial responsibility for their department's operations after their own fumbling has been amply demonstrated. We have unsightly finger-pointing among senior officials who seem to have lost, under ministerial pressure, a professional sense of responsibility towards their own colleagues. What a lamentable insight into the state of disrepair and moral bewilderment that is afflicting a department that once ranked among the finest instruments of Canadian government policy.

There is much more to be said in the field of foreign policy. Perhaps at a later date I will attempt to stimulate a discussion on foreign policy.

However, in conclusion, honourable senators, I want to deal with that portion of the Speech from the Throne entitled "Changing the Way Ottawa Works." Among the statements made in that section there is, first, a statement:

> There is a need for change in the way Parliament does business and in the way governments conduct their affairs.

Later on:

> My government will propose further reforms so that all Members of Parliament can fulfil better their obligations to their constituents.

It may be that a purist like Senator Olson would argue that senators are ,embers of Parliament. I agree with him, and probably this sentence is applicable to senators as well; but whatever doubt may exist about that sentence, the next paragraph makes the relevance of the Senate very evident in the section, "Changing the Way Ottawa Works." I quote:

• (1615)

> The respect of the people for Parliament and Parliamentarians is essential for a healthy democracy.

I believe that to be correct. I believe also that respect for Parliament and parliamentarians has declined, and I touched upon that in my speech on Tuesday. The Speech from the Throne goes on:

> But the appearance, and sometimes the reality, of excessive party discipline and over-zealous partisanship, of empty posturing and feigned outrage have eroded that

respect in Canada. Members will be asked, therefore, to consider new procedures for assessing legislation, for raising grievances on behalf of constituents, and for questioning government.

The Senate is now being asked to consider new procedures for assessing legislation, for raising grievances on behalf of constituents, and for questioning the government. All of these new procedures are contained in the report which is now before the Senate and which contains fundamental and sweeping changes to the way Parliament does business and certainly to the way the Senate will do its business.

For that reason I would like to spend just a moment on that particular aspect of "Changing the Way Ottawa Works." There is a sequence of events in what is happening to the Senate. The government, not satisfied with attaining a plurality in the Senate through the addition of eight new senators in a manner which was roundly condemned as immoral by the majority of the people of Canada, still insecure in its ability to manage the Senate with a new plurality, having acquired the total acquiescence of the Speaker in all of its desires, now proceeds to concoct in private what the Speech from the Throne describes as ways in which Parliament should do its business.

These new proposals were concocted in secret by a Conservative caucus, which makes one laugh when the word "transparency" is used by the chairman of the Rules committee. There is no precedent in the history of the Canadian Parliament for its rules to be changed in discussions conducted solely in private by one party in the chamber. There is absolutely no precedent for that. If these proposals are accepted they will change dramatically the nature of the Senate and they will make it virtually impossible for a meaningful opposition to exist. A nominal opposition will exist but if we believe, as we have done historically, that an Official Opposition should have ways and means of influencing events through the rules of Parliament, then that possibility virtually disappears.

Senator Robertson, I think unfairly, told us the other day that we have expressed our indignation at events simply because we were losing power in the committees. Well, that does not do any credit to us or to her, because all of us understand the realities of politics and we understand that power shifts—and it ought to shift in any organized political system. In my view, any single senator who would get outraged over losing power in committees is clearly quite an amateur in politics. That is not what bothered me and that is not what bothered my colleagues. What bothered us is the fact that the government assumed unilaterally a majority on the Selection committee without consultation with the opposition, without having a majority in the Senate, having only a minority. That is the source of the difficulty.

That assumption of that majority on the Selection committee and on the other committees, is not justified by precedent or by fairness. Let me briefly recall for honourable senators the situation with respect to the Senate and representation of parties in 1984 when the first session began on September 30. In the Senate there were 64 Liberals and 23 Conservatives. The Liberals had the majority, not only overall, but it had 41 more members than the Conservative Party. In a spirit of what I still think was generosity and fairness, the committees were established with membership of 12, assigning seven Liberals and five Conservatives. With 23 members in the Senate it was arranged that the Conservatives would have five representatives on the committees. I think it was generous and, at the minimum, fair, maybe excessively fair.

We come to the new situation in this session when the Conservatives, at that time, had a majority of four—not 41—and they take a majority on the selection committee, without consultation, and take a majority on all the other committees.

Forty-one to four, that is the difference. That is why we feel we were screwed, to put it bluntly; and that is the source of the indignation, because fairness and parliamentary practice were not observed.

Honourable senators, just to make it clear again, as Senator Frith made it clear, the Liberals did attend the Selection committee and Liberals did nominate members for each of the committees. The Conservative majority defeated all those nominations except in the case of the committee on Internal Economy when they decided to reduce the number in accordance with their own prescription for what ought to be the system. But not a single person was nominated for any of the other committees by the Selection committee.

Senator Murray: At Senator Frith's insistence.

Senator MacEachen: Despite Senator Frith's insistence, the Internal Economy committee at that point did the mature thing in nominating a slate for the Internal Economy committee. Had good management, goodwill and good judgment prevailed in the councils of the majority the same thing would have happened for all the other committees. Instead, we had all the other committees reported without a single nominee from the Selection committee.

Senator Murray: It's not too late.

• (1625)

Senator MacEachen: When the report of the Selection committee came to the Senate, I appealed to the government to send that report back, rectify the omission and place Liberals on the list. But that was turned down by the government.

Senator Murray: We offered to do it on the spot.

Senator Barootes: Twice.

Senator Murray: Twice.

Senator MacEachen: That offer was turned down. All the government had to do was say, "Yes, we will send this report of the Selection committee back to the committee for reconsideration." That was not done. I then appealed to the Speaker on a Point of Order. We have the incredible result that, in order to reach a favourable judgment for the government, the Speaker imported a new word into the standing orders. The standing orders were rewritten to accommodate the result.

Senator Frith: He is an old hand at that.

Senator MacEachen: No attention was paid to the argument of consent; no attention was paid to what I consider still to be a very legitimate question: How can you have a quorum in a committee of nine when the rule clearly states that it must be a quorum in a committee of 14? That is all brushed aside. Well, all right, I can understand that, in the Selection committee, matters move very rapidly. The report landed in the Senate and here an opportunity was missed to rectify the situation.

The Standing Rules and Orders committee then met in circumstances that we all would like to forget last Tuesday, when Senator Robertson was made chairman of the committee. Senator Corbin, as chairman of our caucus, wrote to the chairman and appealed to her not to proceed with the work of the committee until the Selection committee could nominate Liberals to the committee. It was a last chance. I will read the letter to you. It states:

> Dear Senator Robertson:
>
> Now that you have been chosen Chairman of the Committee on Standing Rules and Orders, I am writing you to request that you not begin work until the Senate has dealt with nominations by the Committee of Selection of Liberal Senators to sit on your committee.

That was an appeal to rectify the omission—that is to say, "Put some Liberals on your committee through the Selection Committee."

Senator Simard: That was a stalling tactic.

Senator MacEachen:

> There are presently sitting in the Senate 49 members of the Liberal caucus. Today, it is 48. Not one of them has been nominated by the Committee of Selection and subsequently approved by the Senate to serve on the committee that you chair.

Senator Perrault: Unbelievable. Dreadful.

Senator MacEachen: That is a statement of fact. The letter then goes on to say:

> To proceed with the work of the committee, without remedying this imbalance would be to ignore principles of fair play and adequate party representation on committees.

In this letter Senator Corbin was not relying on technical rules, he was asking the question: Is it fair to proceed with a sweeping change of the rules in the absence of a party which—at that time—has 49 senators sitting in the Senate? Is it fair and is it in accordance with parliamentary democracy that the rules can be revised in the absence of the major party in opposition, which is only short of equality by four members from the party with plurality? How could you ignore that?

The chairman of the committee refused to deal with that matter. She wrote a letter in which there are a number of factual errors. But she rebuffed this further appeal that we made to be put on the committee so that we could participate.

It is interesting that there was powerful symbolism on that Tuesday in Ottawa. In the Senate there was a one-party committee changing the rules; in the House of Commons there was a witness from the top level of the government testifying that ministers had met and had written an apology for bureaucrats, which was presented to them for their acquiesence. A powerful symbolism occurred, because here in Canada we were re-enacting those vile practices that now have been abandoned even in Eastern Europe. The one-party rule and the public apology.

Some Hon. Senators: Oh, oh!

Senator Simard: You did not have to do that.

Senator MacEachen: The public apology was made in public—

Senator Baroutes: What imagination!

Senator MacEachen: —extracted in private. That is what happened that day. There is no possible reason for Senator Baroutes' reaction except that he is ashamed of what went on—andhe should be.

Some Hon. Senators: Oh, oh!

Senator MacEachen: That is what happened. The one-party committee on this side and the extracted apology on the other side.

Senator Frith: Exactly.

Senator MacEachen: They are all symbols of a form of government that is now disappearing. But you do not like that. Of course you do not.

Senator Simard: Is that your best shot today?

Senator MacEachen: No. That is not even a shot. That is a fact. You had a one-party committee working on this side and you had an official on the other side testifying that two servants of the government had been told they had apologized, which they had not. They were asked to condone the release of an apology that they had not made. Those are the facts.

Senator Frith: And they find it funny.

Senator MacEachen: Those are the facts. It still bedevils the government.

Senator Frith: They find it amusing.

Senator MacEachen: The conduct in the Al-Mashat affair is destroying the government on the other side.

Let me get back to this situation: If you want me to lower the tone, I will do it.

You have produced the rules. You have produced them in your caucus; pushed them through a one-party committee; and now you are putting them before the Senate. We on this side have been totally excluded from the process. We have not been part of it.

Senator Simard: You were not at the first meeting.

Senator MacEachen: We have not had an opportunity to participate in the committee. We have not had an opportunity to inform ourselves fully about these rules. In fact, we have been told indirectly that these rules must be put through

before the end of next week. That is what we have been told indirectly.

You have built for yourselves minefields all over the place. Even a cursory reading of the rules shows that you have built into them a number of potential minefields which will sow confusion, ambiguity and possibly chaos in the Senate. That's what you have done. Those of us who have participated, as I and Senator Stewart have in basic rule changes in the House of Commons, know perfectly well that even the work of an all-party committee extending over months does not remove all of the difficulties and that some of them have to be removed after prolonged debate in the House of Commons. Our Conservative friends believe that they can do all of this in private. They do not even consult the Clerk. They have a private official, about whom we know very little, to advise them, and these are to become the rules of the Senate.

• (1635)

Let me give an illustration of how it works. Let us suppose these rules had been in effect today. How would we have conducted our business when I rose to pay my tribute to Senator Croll? Let me tell you. I would have to rise under "Senators' Statements"and I would be limited to three minutes. If I wanted to go beyond three minutes I would have to seek the consent of the Senate and any one senator could deny me that consent. As it happened, I spoke for more than three minutes and Senator Murray spoke for more than three minutes. However, if these rules had been in effect, both of us would have had to interrupt our tributes to ask permission, which could be denied by any single senator. That is the removal of a very important right that senators now have; but it is to be removed, and if I wished to speak beyond three minutes in tribute to Senator Croll I would have to ask for the consent of every other senator, one of whom could say no. Under the rules, the period for "Senators' Statements" is limited to 15 minutes. The tributes would have to end after 15 minutes. At that point Senator Molson was two minutes into his comments. At that point, as I followed the proceedings, his comments would be abruptly stopped by the rule which allows only 15 minutes and he could resume them the next day.

Is that what we want? I do not think it is. Senator Molson could not even ask the Senate for permission to continue. Under these rules the only person who could ask to go beyond the 15 minutes is either of the whips, who would have to go to the Speaker and say, "Will you extend it beyond 15 minutes?" After having received the request, assuming that somehow Senator Molson was able to communicate his request to Senator Phillips, Senator Phillips would go to the Chair and request that the Chair ask the Senate if we could have more than 15 minutes. We could go to a maximum of 45 minutes.

Senator Frith: Then he has to put it to the Senate.

Senator MacEachen: Then the Speaker has to put it to the Senate and any one of us could say no.

Suppose that we did not say no and said to go on to the maximum, which is 45 minutes. That could happen; but by my reckoning today Senator Molson would have been cut off two minutes into his speech and any one of us could have prevented him from continuing, even if one of the whips agreed to ask the Senate.

In any event, under these rules, no matter what leave was given, Senators Grafstein, Graham and Fairbairn would have had no chance whatsoever to speak—none at all. Now, is that what we want? What was wrong with how we conducted our business today? That's one example. There are many others that I could produce.

I say there are all kinds of difficulties here, all kinds of problems. I think it's a very unhappy state of affairs for all of us. I think it could be salvaged. I think you ought not to proceed with this motion now, but that you should hold it over until the fall.

Senator Simard: Which year?

Senator MacEachen: This year. If I may make a suggestion, this period will have a number of benefits. The first benefit is that it will ensure that senators have an opportunity of understanding how their rights may be affected by these rule changes. I have given one example: Whereas Senator Molson normally would have an unlimited right, he would be cut off, or would have to obtain consent through a whip, which could be denied by any single senator. That is a the loss of a big right. Is it necessary? Why should we want to cut him off, or cut anyone off? Do we need more time? What do we need all this time for? Why must we cut down to three minutes. What is it for? To do what?

I suggest that honourable senators look at the Senate sittings this year. On January 14 the Senate sat for one hour and 30 minutes. Are we cutting this down so that the sitting that day would be 45 minutes? In the month of January we sat 9 or 10 days for a total of 37 hours. Do we want to cut down the few speeches that were made in that period to three minutes so that we would sit not 37 hours in January but 32 hours or 29 hours? In the month of February we sat for eight hours and 20 minutes. Do we need to cut down the length of speeches in order to reduce that time?

I think there has been no relationship between the institutional facts and the rules. If we were sitting to the maximum, if we were even putting in an eight-hour day and a 40-hour week, we might say to ourselves that we were talking too long; but I do not know of many senators who speak at length here. I am probably the worst; but I do not speak every day, sometimes weeks go by when I do not make a speech. Others rarely speak, and now we are proposing cutting it down. I do not understand it.

• (1645)

I think we all should understand this a bit more and that we should not proceed with it right now. Why can you not put it over until the fall so that we can understand what we are doing. I do not think that rule changes should be rushed through at any time, and they certainly should not be rushed through unless their consideration has had the benefit of every party and every senator in the Senate. You have not had the benefit of our views at all. I think the Selection committee

should meet again. It should put Liberals on the committee and that the reinvigorated committee should look at some of the fundamentals involved in these rule changes. Is it right that the Constitution of the Senate is being changed? We all ought to look at that issue more leisurely.

So I am saying that the situation can be salvaged, and that it can be salvaged in the way I have described. If it is, we would not have the uncertainty we have today as to the impact of the proposed rules, and we would not have the kind of result that I have described that would have occurred today had the new rules been in effect during the paying of tributes to the late Senator Croll. I have exhausted my three minutes.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I intend to move the adjournment of this debate on the Address in Reply to the Speech from the Throne, but before I do so—

Hon. Royce Frith (Deputy Leader of the Opposition): Are you closing the debate? Did you start the debate?

Senator Murray: No.

Senator Frith: And you have not spoken?

Senator Murray: No. The debate will not close until the eighth day. Normally, the Leader of the Opposition and I speak two days after the Throne Speech is delivered on leaders' day.

Hon. Sidney L. Buckwold: Honourable senators, I wonder whether the Leader of the Government would allow me a few minutes to continue this particular item under the Address in Reply to the Speech from the Throne.

Senator Murray: Honourable senators, it would normally be the case that once the Opposition has spoken in a debate of this kind, then the government does. I had intended to make a few very brief remarks and then adjourn the debate, as Senator MacEachen did the other day, and resume my comments the next day that we debate this matter. What is the honourable senator proposing?

Senator Frith: He wants to join the debate. This is the sixth day.

Senator Buckwold: I appreciate the courtesy of the Leader of the Government in this particular matter, probably one of the few courtesies we have seen extended in this chamber recently.

Senator Frith: It is quite unnecessary; you still do not need his permission to speak, unless it is under the new rules.

Senator Murray: I could have moved the adjournment.

Senator Buckwold: I spoke earlier today on a rather sad and depressed note as a result of the passing of a dear friend. I want now to talk about that part of the Speech from the Throne entitled "Ways Parliament Should Do Its Business," and I find myself not just depressed but feeling almost disconcerted after a lifetime of public service which seems to be, under the proposed rule changes, at a dead end. Of what purpose is this second chamber to the citizens of Canada when every aspect of any possible muscle in the chamber on the part of the opposition has been removed in a vindictive and unprecedented manner with these poorly-thought-out procedural changes in the proposed rules?

Not long ago we supported the Senate as an institution because we all said, at one time or another, that without a Senate, even with our limited ability to do do what we would like to do in some cases, there would not at least be that potential to protect the citizens of Canada from the unrestrained power of a Prime Minister with a majority, a majority that follows the dictates of his whip.

Hon. Jean-Maurice Simard: Speaking of a majority, is the honourable senator talking about the Liberal majority that was used on September 27, 1990 in the committee over which he presided? Is this the Liberal political morality that you are advocating?

Senator Perrault: You are just embarrassed with the whole mess!

Senator Buckwold: I will tell you something: Any criticism of me as the chairman of that particular committee—

Senator Simard: You should be the last one to talk about oppression!

Senator Buckwold: —in comparison with the way that Senator Robertson has carried on with her committee has to make me look like a two-bit piker. Believe me, I am just a beginner on how to override the rules and wishes of this assembly.

Let me continue. I started out by saying that there is no more powerful political leader in the free democratic world than a Prime Minister in Canada with a reasonable majority in the House of Commons.

Senator Simard: Talk about your own actions last year!

Senator Perrault: Stay on the subject here!

Senator Buckwold: We will come to that.

Senator Cools: Senator Simard wants to speak.

Senator Buckwold: Why do I say that? Because the minute anyone in the caucus of the government in the House of Commons is not prepared to follow the line on a reasonably important issue, out he or she goes. We saw that during the GST debate where two members were expelled because they would not support the government. Of course, in the House of Commons members of cabinet are literally sworn to cabinet solidarity. Any cabinet minister who does not support his Prime Minister will automatically lose his cabinet position.

Honourable senators, the only potential restraint that we have in the Canadian system today is this chamber. I am not talking about Liberals, Conservatives or any other political party. All I am saying is that surely there should be the opportunity for full discussion and no unreasonable curbing of debate. There should be the opportunity to carry on discussion, *ad nauseam* if necessary, in order to protect the interests of the citizens of this country and to provide the kind of good government to which they are entitled. Under the rules pro-

posed, as I see them, we might as well go home. We will go through a few motions, do our little song and dance, go into our little committee and, after a few minutes, everything will be over. There will be no opportunity for amendment; none.

• (1655)

You are wiping out any opportunity for reasonable change to legislation to protect the interests of the people of this country. I am astounded that reasonable people who sit on the other side, in a vituperative kind of get-even philosophy, will say, "This is what we are going to do because we don't like the actions of the opposition as we have seen them proceed." Believe me, that is a small price to pay to protect the interests of the citizens of Canada in the legislative process that goes on in this country.

Following along the lines of the remarks made by Senator MacEachen, I would say that a good deal more thought had better be given to those rules. It is unthinkable to me that with no discussion, with no wide review and no expert advice, we should suddenly be presented with a list of rule changes that completely destroys the effectiveness, the purpose, indeed the destiny, of this chamber. I do not know why we would draw our salaries here to go through the kind of procedures that the government is anticipating in this Senate knowing that legislation will go exactly as the government wants it to go. If that is a rule, then I do not anticipate that this, will be a very effective chamber.

I plead with those on the other side to consider the representation made by Senator MacEachen to have an opportunity to cool off a little bit and to take another look at the suggested rules. Indeed, senators opposite should talk to the opposition and give us an opportunity to look at this because there will be a day when they will be in opposition.

Senator Cools: Soon.

Senator Buckwold: And I hope it is soon. The fact is that this chamber will have to live with those rules that are being imposed unilaterally in a manner that is completely dictorial and, in my opinion, unacceptable.

Some Hon. Senators: Hear, hear.

(*Later*)

Senator Murray: Honourable senators, as I indicated earlier, I intend to move the adjournment of this debate on the Address in Reply to the Speech from the Throne. I certainly do not intend to anticipate, as the Leader of the Opposition did, and as Senator Buckwold has just done, the debate which, I trust, will begin in a little while.

Senator Corbin: It was a legitimate intervention.

Senator Murray: I quite agree, but I do not intend to anticipate that debate. I hope I will have the opportunity to take part in it in due course.

I do, however, want to make one or two brief comments in respect of Senator MacEachen's earlier remarks.

First of all, I think it is important to state for the record that on three occasions, up to May 30, we asked the opposition to nominate members to the various committees. At the Committee of Selection the Internal Economy committee was constituted at its full complement because the members went down the list and voted, as I recall, eight Conservatives, six Liberals and one Independent member to that committee. I listened, through the machine on my desk, to the proceedings and, when the time came to deal with the other committees, Senator Frith insisted that there be two votes, that the votes be held on the slate, and that there be no question of going senator by senator and nominating five or six Liberal senators to the committee. He insisted on proceeding by voting for slates, and the Chair acceded to his insistence. That is the way it was done.

Quite apart from what happened in the committee, on two occasions here during the debate on May 30 it was suggested that either the Senate might adjourn for a few minutes while the Selection committee met to bring those committees to their full complement and receive nominations from Liberal senators, or that honourable senators opposite might amend the motion to add the names of Liberal senators to the various committees. I simply want, for the record, to read to senators the exchange between Senator Phillips and Senator MacEachen at page 98 of the *Debates of the Senate* from May 30, where Senator Phillips, in part, said:

> I would just like to repeat my offer to those opposite and hope that they would nominate senators to serve on the various committees. If they wish to nominate—

Then Senator MacEachen intervened by saying:

> The Speaker has just ruled that you do not need us, or the Senate does not need us. He has made a ruling that we are superfluous to the Senate, in his view.

Very shortly after that Senator Phillips said:

> I invite the Leader of the Opposition to amend the motion before the Senate to bring the committees up to what I consider to be full complement. We on this side will accept the nominations without debate, and we can proceed forthwith.

That request was rebuffed by the opposition with the results that we had.

Senator MacEachen: It was a proposal that could not be put into effect. Under the rules it would have to go back to the committee.

Senator Murray: Of course it would have to go back to the committee, and we spoke of adjourning for the length of time it would take to convene that committee and to get six or five good Liberals on it.

• (1705)

Senator MacEachen: That was a totally rhetorical offer.

Senator Murray: No, it was not a totally rhetorical offer. It was a very sincere offer.

Senator Frith: You already had your majority, and then you said, "Let's invite them." We know what you are saying. What a crocodile offer!

Senator Murray: The honourable senators will have to choose sooner or later. Yesterday, notice was given by the Chairman of the Selection Committee, Senator Phillips, of a meeting to be held today to nominate members to two other important committees of this place, the Standing Senate Committee on Banking, Trade and Commerce and the Standing Senate Committee on Transport and Communications. The Liberal Party boycotted the meeting.

Senator Frith: Come on! If you want to put the facts on the record—

Senator Murray: No Liberal was present at the meeting of the Selection Committee.

Senator Frith: Come on! I will give you some facts on the record. You phoned and asked us. We said we had already settled a caucus meeting for the morning.

Senator Murray: A few of you could have attended the Selection Committee meeting. There will be other meetings of the Selection Committee and honourable senators opposite will have every opportunity to attend, and I trust they will take advantage of them.

Senator Frith: With the number that you will permit, yes.

Senator Murray: Well, honourable senators, there is no point crying about the make-up of the Selection Committee.

Senator Frith: No. That's right! You have usurped that one.

Senator Murray: I can take honourable senators back and show them the composition of the Selection Committee in the Senate and the Striking Committee in the other place under various minority and majority situations here and there, and they will find that there is ample precedent for a situation such as we have today.

Senator Frith: None!

Senator Murray: My friend has said that several times on the record, and he is wrong.

Senator Frith: I am not wrong. There has not been a situation with that balance.

Senator Murray: I will bring the precedents in.

Senator Frith: You know that is not true. It is in the records.

Senator Murray: When I resume the debate, I will bring the precedents.

Senator Frith: Please do, because you are wrong. You take the position that there was one time when there was a majority in the opposition, and that is not the precedent.

Some Hon. Senators: Order! Order!

Senator Frith: When someone stands up and says he wants to put the facts on the record and then stops doing it, I intend to interrupt him.

Senator Cools: Good for you!

Senator Frith: If he wants to say he will put lies on the record, then that would be fine.

[Senator Frith.]

Senator Murray: Honourable senators, I will not pursue the matter now.

Senator Frith: Good.

Senator Murray: But when I resume the debate on the address in reply to the Speech from the Throne, I will present the precedents from this place and from the other place. In any case, I will tell the honourable senator now, as Senator Doody told him in the committee, that it makes absolutely no sense, in a situation where we have 53 senators and they have 49, to expect that on the Selection committee it would be 50/50.

Senator Frith: You didn't mind it in 1984, I noticed! You didn't mind taking your five when you only had 24 members.

Senator Murray: It makes no sense at all. However, again, I do not wish to anticipate the debate on the report of the Rules Committee.

Senator MacEachen mentioned a situation such as we had today with tributes. He knows, as I know and we all know, that there has never been a time—and never will be a time—in this place when an honourable senator is cut short in attempting to pay tribute to a deceased colleague.

Senator Frith: That's not right! Don't worry about abusing the rules. As the Tories say, "We will never abuse them."

Senator Murray: If the honourable senator wants to relate the rules to the way we did business on a particular day, I invite him to go back to Tuesday, when honourable senators opposite took almost three hours in the oral Question Period to anticipate a debate on a motion which was still a notice of motion—cross examination and debate on a committee report which was down for debate the next day!

Senator Frith: In your opinion.

Senator Murray: Almost three hours in the oral Question Period! Now, if that does not show the need for new rules in this place, I do not know what does.

Senator MacEachen: What was wrong with that? What was wrong with a three-hour Question Period? We did not sit beyond 6 o'clock.

Senator Frith: What would you be saying?

Senator MacEachen: Were we supposed to get out at 2:30?

Senator Murray: What was the purpose of a three-hour Question Period about a report that was down for debate on the next day?

Senator Frith: Because it is down in the rules. I know exactly what was wrong with it: You did not like it.

Senator Murray: In any self-respecting parliamentary body, there are limits on Question Period and there are rules on the Question Period.

Senator Frith: Nothing to do with saving time.

Senator Murray: If my friends opposite would abide by the present rules governing the Question Period, we would have had no need to bring in a stricter regimen, but they will not abide by them.

Senator Frith: Oh, yes! You were provoked!

Senator MacEachen: What do you intend to do with all of this time you are saving?

Senator Murray: If honourable senators want to go back even prior to Tuesday, they should go back to last fall. It is true that if these new rules go through, it will no longer be possible for honourable senators to read thousands of names and addresses into the record for the sole purpose of preventing the Senate from ever reaching Orders of the Day.

Some Hon. Senators: Hear, hear!

Senator Murray: That will be impossible under the new rules.

Senator Frith: Now we are finding out. Keep it up! The truth is now coming out! This is a good time for confession. Now we understand. You're getting down to the facts.

Some Hon. Senators: Order! Order!

Senator Murray: Nor will it be possible, in the guise of questions of privilege, to go on for days and weeks with never a motion being made, no resolution of the question of privilege, all in the interests of preventing the Senate from getting to the Orders of the Day.

Senator Olson: You are too suspicious!

Senator Murray: No longer will it be possible, if these rules go through, to ring the bells from Thursday to Tuesday. That does not make sense in any self-respecting Parliament.

Senator Frith: No Tories ever did that! Tories would never ring bells! That's what provoked you? Tories don't like the ringing of bells, your colleagues having done it for weeks? Talk about transparency!

Senator Murray: It will no longer be possible for honourable senators to give the Senate that good dose of anarchy that Senator Frith boasted and bragged about last fall when he was speaking to the media.

Senator Frith: It will all be through the goose, as requested by the government.

Senator Murray: Honourable senators, again, I hope to have the opportunity of participating in the debate on the rules, but in short, if these rules go through, we will have given ourselves in the Senate the basic rules that exist in every other Parliament and in every other legislative assembly that any of us have ever been in.

Senator Frith: I hope when you come back, you bring some facts.

Senator Murray: I move the adjournment of this debate.

[*Translation*]

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Murray, seconded by the Honourable Senator David, that the debate be adjourned until the next sitting of the Senate. Honourable senators, is it your pleasure to adopt the motion?

Senator Corbin: Is this a motion that is votable under our current rules?

The Hon. the Speaker *pro tempore:* Honourable senators, I didn't ask for a vote. I simply moved the honourable senator's motion.

Senator Corbin: You want to know whether we agree?

The Hon. the Speaker *pro tempore:* Yes, Senator Corbin.

Senator Corbin: So this motion is votable according to our current rules?

The Hon. the Speaker *pro tempore:* As long as the new rules have not been adopted, the Senate is sitting according to the old rules.

Senator Corbin: Under the new rules, would the procedure be the same, Mr. Speaker?

The Hon. the Speaker *pro tempore:* The question is premature, so I won't answer that.

Senator Corbin: Very well.

On motion of Senator Murray, debate adjourned.

[*English*]

BUSINESS OF THE SENATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, before I forget, I want to say a word about the business for tomorrow.

The latest report I have indicates that there will probably be a House Order in the other place this afternoon respecting the debate on the bill to end the lockout of the grain handlers at the Port of Vancouver. I understand the minister, Mr. Danis and representatives of the other parties in the House are meeting, or were meeting a short time ago, with regard to the order of debate and so on for tomorrow. That being the case, unless I hear otherwise in the next little while, prudence would dictate that we make arrangements to meet here tomorrow at the appropriate time.

Hon. Royce Frith (Deputy Leader of the Opposition): Did the Leader of the Government say he heard about a House Order?

Senator Murray: I understand that there probably will be one, but one can never take anything for granted.

Senator Frith: When will they deal with it?

Senator Murray: They will deal with it tomorrow through all three stages.

Senator Frith: At what time tomorrow?

Hon. C. William Doody (Deputy Leader of the Government): That is what they are talking about now.

Senator Murray: At the appropriate time this afternoon, the Deputy Leader of the Government will move that we adjourn until 5 o'clock tomorrow afternoon. I suppose we could meet earlier, but our hunch, on the basis of experience, is that they

will not have passed that legislation much before mid-afternoon.

Also to be considered are the travel arrangements in connection with Senator Croll's funeral.

STANDING RULES AND ORDERS

FIRST REPORT OF COMMITTEE—QUESTION OF PRIVILEGE

On the Order:

Consideration of the First Report of the Standing Committee on Standing Rules and Orders (Recommendations concerning the *Rules of the Senate*), presented in the Senate on 11th June, 1991.—(*Honourable Senator Robertson*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question of privilege relating to this order. I can most succinctly put it before you by quoting and putting on the record a letter that I sent today to Senator Robertson, Mr. O'Brien and Mr. Greene. It is dated today and it reads as follows:

I understand the records of *The Committee on Standing Rules and Orders*, improperly set up by the Committee of Selection—

Senator Simard: What a joke!

Senator Frith: I will take as long as you like.

Senator Simard: This is a demonstration of your respect for the rules?

Senator Frith: I believe Senators Simard and Doyle have a little more mumbling left in them. I cannot hear what you are saying, Senator Doyle.

Senator Doyle: I know you can't, and that is very frustrating for me!

Senator Frith: So it seems.

Senator Corbin: You are interrupting. Keep quiet!

Senator Barootes: The kettle calling the pot black!

• (1715)

Senator Frith: It is addressed to Senator Robertson, Mr. O'Brien and Mr. Green.

I understand the records of *The Committee on Standing Rules*—

Senator Simard: Dispense with it. Table it.

Senator Frith: It is addressed to Senator Robertson, Mr. O'Brien and Mr. Green.

I understand the records of *The Committee on Standing Rules and Orders*, improperly set up by the Committee of Selection, show me as Deputy Chairman.

I am not.

In my opinion the Committee itself has no status, and even if it had, my status would only be under Rule 68 as an alternate to Senator MacEachen.

[Senator Murray.]

Those purporting to sit on this so-called Committee had no authority to "elect" me Deputy Chairman.

I want it to be clear that I am in no way associated with this "Committee", its proceedings or "Report" attempting to impose a thoughtless Senate Conservative Caucus' package of arbitrary and unconstitutional rules on the Senate".

That is my point of privilege.

Senator MacEachen: Well said.

Some Hon. senators: Hear! Hear!

Hon. Brenda M. Robertson: I wish to respond to that question of privilege, honourable senators, because I just received the senator's letter. I think it must be on the record that *ex officio* members have been elected deputy chairmen of Senate committees before. In fact, the honourable senator was the Deputy Chairman of the Internal Economy Committee at one time, and Senator Doody was the Deputy Chairman of Internal Economy in the last session.

If you would like to check Beauchesne's Fifth Edition at page 192, Senator Frith, citation 582 provides for the election of members in absentia.

Of course, any member is free to decline the position, as Senator Frith apparently has done by means of this letter. If he could bring this letter to the next Committee meeting, we will accept his resignation. We were just trying to get the Liberals involved in the work of the Senate.

Senator Frith: Honourable senators, I am prepared to virtually leave it at that. I do not believe that Senator Robertson has really dealt with the main points that are contained in my point of privilege. However, we have her observations, we have mine and I wanted that clarified for the record.

STANDING RULES AND ORDERS

CONSIDERATION OF FIRST REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the first report of the Standing Committee on Standing Rules and Orders, (Recommendations concerning the *Rules of the Senate*), presented in the Senate on 11th June 1991.—(*Honourable Senator Robertson*).

Hon. Brenda M. Robertson moved the adoption of the report. She said: Honourable senators, on Tuesday I had the honour to present the first report of the Standing Committee on Standing Rules and Orders to the Senate. The Rules Committee is vested with the important task of examining and reviewing the rules for the operation of the Senate. As a Committee, we met for nine hours and five minutes in public sessions over the last week and reached a consensus on the task before us. We wanted to bring forward proposals for amendments, where required, and recommend new rules which would improve the overall efficiency, effectiveness, accountability and transparency of the Senate.

I thank Senator Molson for his valuable contribution and appreciate Senator Olson's brief attendance. However, it is regrettable that other members of the Official Opposition deliberately chose not to participate in the work of the Committee.

While it was beyond our mandate to discuss Senate reform in a broader constitutional context, the Committee considered that it was essential to make meaningful change where we could. Honourable senators, I would suggest to you that now is the time for change. The proposed amendments and new rules are important, not only to the Senate as an institution and to senators, but to the Canadian public who have, of late, lost a good deal of faith in their governing institutions. The Senate is certainly no exception. Our effectiveness and credibility has suffered no less than that of other government institutions.

The *Rules of the Senate* have traditionally been characterized by a large measure of flexibility, and were, with the consent of all senators, open to a good deal of interpretation. When the Senate operated on a consensual basis, the business of the Senate was conducted without much concern for the strict application of the rules. Indeed, in the strict application, they were rarely followed. The order and the completion of Senate business was based on commonality of conduct and consent.

As anyone who has followed Senate activity over the past two years can attest, the Senate has become much more partisan, and that is unfortunate. Consensus is, at times, difficult to achieve. The existing rules have proven to be outdated and inadequate for dealing with legislation where consensus cannot be reached. A good deal of time, effort and money have been wasted over the last two years because of the inadequacy of the rules. If the Senate is to work effectively, it must be equipped with the means to do its job. While there may be some dispute over what exactly our responsibilities are, there can be no doubt that the Senate, as one of the three constituent parts of Parliament, has a duty to reach decisions brought before it.

The proposed rules, as I will discuss later on, address the challenges of dealing with legislation in a more partisan Senate. They clarify and update the rules and reduce the need for endless and countless interpretation. They address the concerns of Canadians by ensuring that their tax dollars will be more wisely and efficiently spent. The proposed amendments bring more transparency to Senate rules so that everyone—senators, the media, the public—will have a better understanding of how the Senate functions. The proposed rules also provide more opportunities for senators to participate in debate and discussion, and after full discussion and debate, the proposed new rules will allow decisions to be made on Senate business.

Your committee believes the proposed rules will be acceptable to both the opposition and to the government. Speaking for the committee, we believe in and support the intent of the proposed rules, as such. We are prepared to respect them whether we sit on the Speaker's right or the Speaker's left, irrespective of the numerical position.

The committee gave careful consideration to the need to ensure that the proposed amendments and new rules are balanced, fair and contribute to a more efficient, effective and open Senate.

Turning to some of the proposed amendments contained in the Rules committee's first report, I will spare you the technicalties and the intricacies. However, I think it is important to provide a brief overview of what the proposed amendments will mean to a typical day in the Senate. While the current rules allow for sittings every day of the week, including Saturday and Sunday, the proposed rules would permit sittings on only Monday to Friday. This would not affect the longstanding Senate practice of sitting from Tuesday to Thursday, of course, if necessary, the Mondays and Fridays could be used. When the Senate sits on Tuesday, Wednesday and Thursday, it would continue to meet at 2:00 in the afternoon.

• (1725)

The proposed rules would see the bells ring at 1:45 for the 2:00 sitting, and the Speaker would be required to enter the Chamber at 2:00 and wait in the Chair until a quorum is noted. This would avoid lengthy delays at the commencement of the sitting. Presently, it is sometimes 2:30 before we get started. After prayers, senators' statements would be called for and would generally be over by 2:20. The daily routine of business would then be called and would probably last until around 2:50, or approximately half an hour, at which time Question Period would be called. The Question Period itself would last for no longer than 30 minutes. Question Period would be followed by delayed answers and Orders of the Day.

Surely, honourable senators, government business must be a top priority. On Thursday, the Deputy Leader of the Government would announce the scheduled business for the next week, allowing senators ample time to prepare. This would permit more concentrated debate on legislation during a given sitting.

If the Senate sits on a Friday, the bells would ring at 8:45 a.m. for the 9:00 a.m. sitting. The routine of business would be the same as that for other days, except that the Senate would generally adjourn at 4:00 in the afternoon, unless the business was concluded earlier. Also while the adjournment could be postponed, it would generally not be extended beyond 10:00 in the evening.

With regard to standing votes, if a standing vote is deferred on a Tuesday, the process of taking the vote would begin at 5:15 p.m. on the Wednesday. The Speaker would interrupt the business at that time and order the bells to ring until 5:30 when the vote would be taken. If the Senate had not completed its business for the day by 6:00, the Speaker would leave the Chair and resume the sitting at 8:00 p.m. The Senate would then continue to consider the Orders of the Day or other business for any length of time until the proposed midnight adjournment. If the Senate sits until midnight, it would adjourn automatically at that time without the need for a motion to that effect. Under certain circumstances, the midnight adjournment could be postponed to complete debate or to continue with Orders of the Day.

These proposed amendments, honourable senators, will allow for more effective planning of Senate business and will result in more orderly and efficient use of time. I am sure that all senators will agree that it is frustrating when we are called back to work only to be dismissed a short time later with nothing accomplished. This lack of certainty has resulted in a great deal of wasted time and taxpayers' dollars, and that situation should be reduced or eliminated with the adoption of the rules in the report.

For example, with regard to the Speaker's postponing the sitting of the Senate, he would exercise his authority only after having consulted with the leaders of the two parties and would do so on the authority of the *Rules of the Senate*. There is no question that the Constitution provides the Senate with the authority to fix its adjournments and sittings. That being the case, it is equally clear that the Senate can delegate such authority to its presiding officer, and impose conditions on the use of that delegated authority.

The proposed rules require the Speaker to consult with the Leader of the Opposition and the Leader of the Government. The purpose of such consultations is to seek agreement on an appropriate date for the Senate to meet. Obviously, the Speaker would not act on his own initiative to determine what the date for the next sitting of the Senate should be. If no agreement can be reached, obviously the Senate would meet at the time provided in its adjournment motion.

The report also recommends that the existing practice for initiating pre-study of bills be incorporated in the rules. The proposed amendments would allow for a procedure whereby the subject matter of a bill can be referred to a committee for pre-study. Pre-study of bills will allow for more efficient use of time as a matter thus can be referred to a committee before being introduced in the chamber. Once the bill reaches the Senate, of course, most of the recommendations will have been arrived at in the pre-study mode, allowing for more meaningful debate in the chamber.

One of the ways in which the proposed amendments would contribute to more meaningful debate with the participation of more senators, of course, is the provision for time limits on speeches. By limiting the length of speeches, more senators would have more input into the legislative process. With some exceptions, senators will be permitted 15 minutes to speak to a question. We are recommending that the sponsor of bills and the respondent be given 45 minutes, including any questions, and the Leader of the Government and the Leader of the Opposition would have unlimited time.

As honourable senators know, most of the legislatures in Canada, including the House of Commons, have time limits on speeches which ensure that the majority of representatives in any body have an opportunity to participate in the legislative process. Time limits on speeches also ensure that there will be an efficient expenditure of time.

Addressing concerns of openness and accountability, the proposed rules recommend that all meetings of the Senate standing and special committees and sub-committees be held in public, with the exception of those dealing with contract negotiations and the consideration of draft agendas or reports. This also enhances the transparency of Senate operations.

As I stated at the outset, the Rules committee has spent a good deal of time studying the existing rules and drafting the proposed amendments to the rules. Our work has been driven by a desire to propose meaningful amendments which will benefit all senators and will result in a much more efficient Senate and a more effective use of time and money. While we do not know what the future holds for the Senate as we know it, we do know that these proposed amendments will address the serious concerns expressed by many senators and Canadians alike, and they will do so now.

Honourable senators, we are duty bound to ensure that our task of thoughtful review of legislation is carried out to the best of our abilities in an effective and efficient manner. It is a responsibility that none of us takes lightly. It has been apparent to many of us over the last few years that the existing rules make it much more difficult for us to fulfil our obligation to the taxpayers.

The Senate requires new rules which will ensure that our work can be carried out effectively and cost-efficiently. In order to do that, we require clearly defined rules and procedures which are understood by all senators. I would ask, in the interest of this institution, that all members of this chamber put aside partisan motives and take these proposed amendments and new rules into serious consideration. These proposed amendments and new rules will lead to a more effective Senate.

Rules are, by their very nature, meant to ensure order and to protect the interests of everyone whose behaviour the rules are meant to govern. I know we will all agree that there is little point in having rules in place which lack clarity, and therefore are misunderstood, and do not serve the interests of Canadians.

We are an important part of the parliamentary process and, as such, it is imperative that we take our role, and the rules that should govern our institution, seriously. We must operate within a framework of rules which allows us to deal with matters that have to be dealt with in a reasonable timeframe. With this report we have the opportunity to make meaningful changes that will benefit us all. We have the opportunity to demonstrate to Canadians that we are serious about getting our work done. We should seize this opportunity to work toward a more transparent, efficient, effective and accountable Senate.

After those remarks I intended to sit down, honourable senators, but since Senator MacEachen read into the record the letter to myself, as chairman of the Rules committee, from Senator Corbin, I feel it is proper that my response also be read into the record so that all senators will know and understand.

On the same day that I received Senator Corbin's letter, I sent this reply back to him:

Dear Senator Corbin:

I acknowledge receipt of your letter dated June 4, 1991, which I have brought to the attention of the Standing Committee on Standing Rules and Orders.

The committee has instructed me to respond as follows:

> Your committee notes the Standing Committee on Standing Rules and Orders was established by the Senate on May 30, 1991. As you may be aware, a point of order was raised in the Senate on that day to the effect that the Committee of Selection Report on various committees could not be received because it did not contain the nominations of Liberal Senators. The Speaker made a ruling on this point of order to the effect that the Committee of Selection was not obliged to nominate a full complement of Senators for each committee in order for those committees to begin their work.
>
> The Committee of Selection has nominated a certain number of members to serve on the committees and a quorum in those committees now exists. Moreover, since the report of the Committee of Selection has been adopted by the Senate, all conditions necessary for the Standing Committee on Standing Rules and Orders are now in place, so it can begin its work.
>
> The "imbalance" to which you refer results, solely, from the fact that the opposition has not yet seen fit to make any nomination to the committees notwithstanding several opportunities to do so. Accordingly, I must point out that the Liberal Leadership in the Senate has the remedy for the "imbalance", you allege exists on this committee, in its own hands.
>
> While the work of the committee can obviously now proceed, I am instructed to confirm to you that the committee welcomes the participation of any Senator. While the Committee is extremely pleased to have the participation of an Independent Senator, as confirmed by the adoption of the report of the Committee of Selection, it looks forward to receiving nominations of Senators from your Caucus.

I trust that this is satisfactory.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate.

Hon. Lowell Murray (Leader of the Government): I understand that senators opposite do not wish to participate in the debate at this point. However, there is one of our colleagues who would like to participate, and I would appreciate his being given that opportunity, after which Senator Frith can move the adjournment.

Senator Frith: Yes, of course.

• (1735)

Hon. Efstathios William Barootes: Honourable senators, thank you very much for hearing me. I particularly wish to thank Senator Frith for the courtesy of allowing me to speak at this time.

I rise to speak on the first report of the Committee on Standing Rules and Orders. As a member of that committee I am confident that all members of this chamber will see the wisdom of adopting these new proposed rules.

Senator MacEachen: You are reading non-confidently.

Senator Barootes: I am quite confident, chiefly because I trust to the rational intelligence of my friends opposite.

Although the legislative process in Canada has seen an enormous increase in legislation and work in the past decades, the rules governing our Senate have not kept pace. Various revisions have been of a housekeeping nature. In 1986-89 some changes were made, but the Senate has changed character since then. The flexibility of the existing rules is often open to interpretation and has led to misunderstanding, which should be avoided.

The proposed new rules are designed to be clear, less equivocal and to stand alone as far as possible without need to refer to appendices, references, or practices of other institutions. No doubt they are not perfect and they will not cover every exigency, and will in the future require additional amendments as we see how they work out.

It should be emphasized that they are not meant to be a reform of the Senate.

Senator Cools: Oh!

Senator Barootes: They do not change the powers of the Senate.

Senator Perrault: Oh yes they do.

Senator Barootes: They are a modernization of our operation, management and procedures—

Senator Cools: Organization?

Senator Barootes: —to facilitate legislative efficiency, improve accountability, offer transparency and allow more senators to engage in more debates.

Senator Perrault: I never heard more insults in my life. This is an insult.

Senator Barootes: These changes are internal modernization of our procedures and rules, all within our purview and are not constitutional changes in the Senate.

Senator Cools: Stalinism anticipated!

Senator Barootes: Constitutional changes are left to the people of Canada, who are our masters and our employers.

Senator Perrault: You better make some political changes pretty soon, too.

Senator Barootes: In the partisan Senate of today the lack of clarity in these rules has made for not only endless interpretation but also a good deal of waste of time and money. In May, as was pointed out by the Leader of the Opposition, we met for only a total of 10 hours in nine days of sittings. We need new rules which will bring a more efficient and effective Senate.

Some Hon. Senators: Hear hear!

Senator Barootes: We need rules which everyone—senators, public and media—will understand. We need rules that will permit adequate debate but allow the business of the Senate to be completed in a reasonable time.

Senator Perrault: A more compliant Senate.

Senator Barootes: The proposed rules should not only make for a more efficient use of our time but also a more effective use of taxpayers' dollars, and make us accountable and open to public scrutiny.

The Standing Rules and Orders committee was ever mindful, during the process of developing its recommendations, that any rules must be fair and balanced, taking into account the interests of all senators whether in government or opposition. I believe that the proposed amendments to these rules meet this test, that they are fair and balanced. I and my fellow Progressive Conservative members are fully prepared to live with these rules whether we sit in the government or in opposition, and whether we are in a minority or majority position on either side.

Some Hon. Senators: Hear, hear!

Senator Perrault: Those words will come back to haunt you.

Senator Barootes: However, I should like to—

Senator Frith: A bit more applause to make sure that they get that down.

Senator Barootes: —address the concern that has been expressed by the Liberal opposition regarding the manner in which these rules were created.

Senator Frith: I hope that the record will show that the undertaking just given was greeted with great applause on the other side.

Senator Barootes: What was that? I cannot hear you. I am partially deaf. Thank God I am partially deaf.

Senator Perrault: Too bad you are not blind, to be reading something like that!

Senator Barootes: The Standing Rules and Orders Committee, consisting of eight PC members and one independent, considered these proposed rules over the course of nine hours in public meetings. All of our colleagues, including those in the official opposition, were notified of, and welcome to attend, any of these meeting.

Senator Perrault: Sounds like a paid commercial!

Senator Barootes: The information regarding the proposed amendments to the rules—

Senator Perrault: A paid commercial; that is all it was.

Senator Barootes: —was sent to the leadership of the opposition as soon as it was tabled in the committee. They chose not to participate.

Senator Perrault: Oh dear, yes.

Senator Barootes: One exception was my friend, Senator Olson—

[The Hon. the Speaker.]

Some Hon. Senators: Hear, hear!

Senator Barootes: —who participated briefly.

Senator Cools: Take him back!

Senator Barootes: As soon as he was heard to speak—and he was obviously heard via a squawk box in some Liberal's office—in came a gremlin, Senator Buckwold, and snatched him from our midst, and he disappeared.

Senator Buckwold: Some gremlins!

Senator Barootes: I contend that every senator had more than ample opportunity to have input into the process of creating these proposed new rules. It is regrettable and disappointing to me—

Senator Perrault: You look disappointed.

Senator Barootes: —and, indeed, disgraceful—

Senator Perrault: You look heart-broken.

Senator Barootes: —that because of some petulance or imagined pique, the advice and assistance of Liberal senators was not made available to the committee. They boycotted the committee. It is especially regrettable because their forte in this house in the past few years has been demonstrated as interpreters of rules. As we know, by convoluted logic and argument, they have been able to make a Philadelphia lawyer blush with envy as they used their expertise to use and sometimes misuse the present loose rules to the political advantage of their group—

Senator Perrault: Philadelphia lawyer, indeed.

Senator Barootes: —sometimes delaying the consideration of legislation to the point where we could not proceed with the work of the Senate.

Senator Perrault: You are selling the Brooklyn Bridge, too, are you?

Senator Barootes: This activity is available to all sides of the house and also Independent senators.

But the ultimate indignity, the final blow that destroyed all customs, conventions, civility and propriety in this house came to a head with the infamous Buckwold precedent of September 1990 regarding the GST bill. It will become a day of ignominy and shame in the future.

Senator Perrault: Who wrote that stuff, your creative counsel? What public relations agency created that?

Senator Barootes: It became the final element that pointed out the need for internal reform of our Senate rules. It became obvious, when Senator Buckwold dictated the edict as Chairman of the Standing Senate Committee on Banking, Trade and Commerce, and that was our final blow to consensus, orderly debate and cooperation. To me it was a devastating incident in the history of this chamber. He chose to draft his committee's report on the GST behind closed doors, without consulting the government members of his committee nor, for that matter, without consulting his own opposition colleagues on the committee. Then to add a little insult to that injury, a

limit of no more than six or seven hours was placed on the discussion of a tome of over 300 pages.

Senator Perrault: What bill are you speaking to over there?

Senator Simard: He is counsel for Senator Frith, too.

Senator Buckwold: Will the honourable senator take a question?

Senator Barootes: And then to table that report the next day in the Senate—

Senator Cogger: No.

Senator Barootes: —this action, as far as I can ascertain, is without precedent.

Senator Buckwold: Will the honourable senator entertain a question?

Senator Perrault: No. They are doing away with Question Period.

Senator Barootes: I am not prepared to take questions now, but I would be delighted to hear your views—

Senator Perrault: You are panic-stricken; that is why.

Senator Barootes: —when you participate in this debate on the report of the committee. Please allow me to finish, as we are reaching the end of the hour.

Hon. John B. Stewart: A point of order, Senator Barootes.

Senator Barootes: This action by my dear friend is unprecedented.

Senator Frith: Order!

Senator Stewart: Under the standing orders—that is, the proposed standing orders—your time has expired and I do not give unanimous consent.

Some Hon. Senators: Hear, hear!

• (1745)

Senator Barootes: Thank you very much. We will entertain comedy at Yuk Yuk's downtown, if you want to try it down there.

To add insult to injury, no more than six or seven hours of discussion were allowed on this tome and it was tabled in the house the next day. It was an unprecedented action, in my opinion.

Senator Frith: And ruled in order by the Speaker.

Senator Barootes: In this action, I can recall our dear friend, the popinjay, the Honourable Deputy Leader of the Opposition, switching from his role as the unreasonable facsimile of Clarence Darrow into one of assuming to be Judge Learned Hand, sitting by our Chairman Buckwold and advising him, by whispers in his ear, as to how he should handle any motion from the government, all of which was ruled out of order.

Senator Frith: And ruled in order by the Speaker.

Senator Barootes: Asking for a little extra time to consider the voluminous report was denied, and all questions of privilege were ruled out of order.

Subsequently, for almost two months, no discussion on the substance of that bill was possible, the opposition taking advantage of their interpretation of the rules to block and paralyse any work on that bill.

Senator Perrault: You did not want a discussion of the substance.

Senator Barootes: The proposed rules in our first report just rendered are meant to rectify the situation in which convoluted logic and fancy interpretations of well-meant rules designed for a Senate which operated previously largely on consensual basis are wide and open, where someone or a party can hijack the Senate to meet their political motives—of your party our ours.

So, honourable senators, as we reflect on the events, the Buckwold putsch of September 1990, let us agree that we require a new process of management and new rules to govern our activity in the Senate.

For efficiency and to ensure that government legislation and government business can be attended to each day, the work of the Senate is going to be divided into two parts: government business and other business.

After the usual routine of business of the day and question period, the government business shall be given, according to the proposed rules, priority in the Orders of the Day. This must be so if we are not to postpone worthwhile legislation which has come to this house.

Had members of the Official Opposition chosen to participate in the committee meetings, they would know that the proposed amendments are meant to allow the business of the Senate to be debated fully and a decision be made to reject, adopt or amend legislation, exactly as the duty of this chamber is outlined in our Constitution. We are a workshop, not a theatre.

It became apparent last fall that the present rules under which the Speaker of the Senate operates will not permit him to maintain order and decorum in certain circumstances. Using the Liberal interpretation of the present rules, a group in the Senate can create the kind of chaos that existed in our chamber last fall for weeks and months on end. Do you really think that democracy was well served by that exhibition?

Senator Cools: Are you asking us? Do you want an answer to that?

Senator Barootes: I do not want to outline examples, but does any one believe that it was a good use of our time and of our taxpayers' money in the chamber?

The Speaker, powerless to intercede except on the request of a senator, found it impossible to maintain propriety and order. The limited changes that we have proposed to the Speaker's authority would permit him, under such circumstance of disturbance, to call for a three-hour recess and allow the passions of the moment to subside.

All other decisions of the Speaker remain subject to appeal, maintaining the longstanding relationship reflected in the cur-

rent rules between an appointed Speaker and the appointed senators.

Had the Liberals chosen to participate in the committee meetings, they would know that the proposed rules regarding the limits of speech are not meant to stifle or to muffle debate but, rather, to obviate the long speeches which are given by one or two members so that it allows more senators to participate in more debates more meaningfully.

As senators will observe, the speeches of the Leader of the Government in the Senate and the Leader of the Opposition have no limits.

Senator MacEachen: That's a mistake.

Senator Barootes: I would like to correct the assertion of a Liberal senator on Tuesday that the senator's right to raise a question of privilege will be denied under the proposed rules. Indeed, the proposed rules do not deny any senator's right to raise a question of privilege.

Senator Doody: How much longer does the honourable senator feel he will be? May we stop the clock?

Senator Barootes: I would beg the indulgence of honourable senators for about five minutes.

Senator Frith: Drop the word "about" and you are on.

Senator Barootes: I thank honourable senators for their courtesy and generosity of spirit.

I would like to correct the assertion of a Liberal senator about denying questions of privilege. Indeed, the proposed rules do not deny any senator's right to raise a question of privilege. The proposed rules do, however, impose certain reasonable conditions on senators raising questions of privilege. These are: Three hour's written notice, oral notice at the opening of the sitting, and the debate when the Orders of the Day have been completed or at 8 o'clock, whichever comes first. The procedure ensures that all other senators will have ample notice of the question in both languages so that they can prepare to participate in this very serious procedure in the Senate. The proposed procedure permits them to raise these questions of privilege at the earliest opportunity and they will get their hearing. It also ensures that these can be disposed of in an orderly manner.

The practice of requiring a Speaker's finding of a prima facie case for privilege before permitting a motion to be presented to the Senate has already been dealt with by the Senate in the Speaker's ruling of October 4, 1990.

In addition, this is a longstanding requirement in the House of Commons, and is a practice that was made necessary by the regrettable activities that we experienced in our chamber last fall.

I would like also to clarify the right of senators to present petitions. The daily routine of business provides 30 minutes for the presentation of all notices and petitions. During this period, notices and petitions cannot be debated. Under normal circumstances there would be ample time for those senators who wished to present their petitions, and that applies to senators on both sides. Therefore, during the routine business, the practice of reading lengthy lists is being discontinued under the provisions of rule 23. The proposed rule would permit such reports to be deposited with the Clerk and deemed to be tabled. Therefore, the rules will permit more, not less, time for senators who wish to present their petitions.

Had the Liberals chosen to participate they would have known that we also made provision for orderly and definitive voting hours on debatable motions so that these are now postponed until 5.30 p.m. the following day. This will permit those senators away from Ottawa to present themselves and to record their opinion in a vote.

• (1755)

Had they chosen to participate, senators would have known that the provisions for allocation of time would only be used if inordinate delays occur. The government could ask for a time allocation motion to be debated. If approved, it would permit at least a further six hours of debate. Bear in mind that this would be in addition to the preceding lengthy debate which obviously had taken place. Under these rules this would require a five-day process for the fulfilment of such a procedure after full debate. It is important to keep in mind that this is also a procedure which has already been used in the other chamber.

I would point out to honourable senators that between 1980 and 1984 the Liberal administration in the House of Commons used time allocation no less than 27 times. The proposed rules regarding time allocation are essential if we are to conduct ourselves in an efficient manner and finally come to decisions which is the duty of this chamber.

Between 1965 and 1984 the Liberal Senate did not contest any measure proposed by the Liberal government, including the highly controversial National Energy Program which was debated and passed in this chamber in one day. Between 1980 and 1984, under the compatible Liberal majorities in the House of Commons and the Senate, only two bills were delayed in the Senate for more than one month—only two bills. On the other hand, between 1984 and 1988, after things changed, with a Conservative House and a Liberal-dominated Senate, 27 bills took longer than one month to pass. In the last two years, 23 bills have exceeded the one month timeframe.

Between 1980 and 1984, one bill passed in the House of Commons was amended in the Senate. Between 1984 and 1991, no less than 20 bills passed in the House of Commons have been amended in the Senate.

Senator Perrault: Is that information from Statistics Canada?

Senator Buckwold: I call attention to the Chair that it is six o'clock. The honourable senator's five minutes are up, and I cannot stand this trash any longer.

Some Hon. Senators: Hear, hear!

Senator Barootes: Thank you for the compliment.

For the record, the patent bill, C-22, took 196 days to pass. Bill C-60, the copyright bill, took 115 days; the immigration bill took 309 days.

Senator Perrault: Because we were doing our job, that's why.

Senator Barootes: Bill C-18, the transport bill, took 63 days; C-19, took 56. It took 154 days for the customs bill. This cost this country and its people a great deal of money. I could go on and on.

I believe that as long at the Senate exists as it is today we all have a responsibility to ensure that the debates are conducted in an orderly and efficient manner and ultimately brought to conclusion.

I support the rules, as they will make significant improvements in the day-to-day operations of the chamber. They will allow and ensure as full and thorough discussion as possible on legislative matters.

We also recognize that the pre-study aspect is important. In fact, the delays that I spoke about in passing bills was due, to a large extent, to the fact that we were denied pre-study options in the recent past.

It is our purpose and responsibility to see that our work is done in an elite, good manner, and that we pass our bills, reject them or amend them in the proper way.

Senator Perrault: You have been helping the "elite" ever since you have been in here.

Senator Barootes: I beg honourable senators to see if we can fulfil our responsibilities and obligations in this regard. I hope that, with this modernization and changes in procedure, we can perhaps put the rancour and past bitterness behind us so as to serve the people of Canada to the best of our collective abilities.

I want to thank honourable senators for allowing me to go past six o'clock.

Some Hon. Senators: Hear, hear!

Senator Frith: Honourable senators, I think—

Senator Simard: Do you want to go until 7 p.m?

Senator Frith: No. On a serious note, I would point out that, essentially, Senator Barootes fulfilled his undertaking.

On motion of Senator Frith, debate adjourned.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move that all remaining orders and inquiries stand.

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

Hon. Senators: Agreed.

THE ESTIMATES, 1991-92

THE NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. C. William Doody (Deputy Leader of the Government) moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Main Estimates for the fiscal year ended the 31st March, 1992; and

That the papers and evidence received and taken on the subject during the Second Session of the Thirty-Fourth Parliament be referred to the Committee.

He said: Honourable senators, these are the Main Estimates which had been referred to the Standing Committee on National Finance, which held some meetings but which were interrupted by prorogation. The Appropriation Bill will be coming to us, probably tomorrow, but we will have it here on Monday anyway. It would be proper that these Estimates be referred to the National Finance committee so that they can be looked at before we deal with the Appropriation Bill.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, as I indicated to honourable senators earlier, it had been Senator Doody's intention to move that the Senate adjourn until 5 p.m. tomorrow afternoon. I have received, in the course of the afternoon, a series of dispatches from the front, the latest of which indicates that there is an agreement among the parties in the other place that they will deal with the bill in all three stages tomorrow. There is an agreement, it says here, that the bill would be through all stages by 1:30. I have been told with some certainty that they intend to rise tomorrow at four after having passed the bill.

Senator Frith: For the week?

Senator Murray: Yes.

Senator Doody: Not for the summer recess.

Senator Murray: I would be pleased to move a motion that we stand adjourned until five tomorrow afternoon. That would give honourable senators—

Senator Frith: I would like to speak to that.

Senator Murray: —who are attending the funeral in Toronto the opportunity to get back here for 5 p.m. Or, on the understanding that our friends in the other place have their bill through by 1:30, I could move another motion that we meet at, let us say, 2 p.m. and if the bill is here we will deal with it. If it is not, we would adjourn until the call of the bell, or some such arrangement.

• (1805)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I support the second suggestion. I say so because my information is that there are about 11 of us attending the funeral. That includes Senator Murray, myself, and some eight or nine others. It seems, therefore, that it would be unnecessary to schedule our time on the basis of making sure that anyone attending the funeral is here, unless any of them feel that it is a matter of privilege that they must

be back here to deal with the back-to-work legislation. Therefore, I suggest that we adjourn until 2 o'clock and that we make it clear that those who are attending the funeral are not expected to attend here, because we are making the arrangement on the basis that those staying here will be able to do so. We will certainly see that someone is here to deal with the bill and to deal with the Committee of the Whole.

Senator Murray: I thank the Deputy Leader of the Opposition for those suggestions, and we shall proceed in that fashion. For myself, I think I will have to be here. Senator Doody is in Newfoundland tomorrow. In any case, I remind my colleagues on this side that it is the responsibility of the government to keep the quorum. The bells will ring for the Senate at 2 o'clock tomorrow afternoon, as provided for in the rules. I therefore move that the Senate do now adjourn.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Friday, June 14, 1991

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

Prayers.

BRITISH COLUMBIA GRAIN HANDLING OPERATIONS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-25, to provide for the resumption and continuance of grain handling operations in the ports of Vancouver and Prince Rupert, British Columbia.

Bill read first time.

SECOND READING

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

Hon. Lowell Murray (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 44(1)(*f*), I move that the bill be read the second time now.

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

Hon. Senators: Agreed.

Senator Murray: Honourable senators, as colleagues are aware, earlier today the House of Commons passed through all three stages Bill C-25 to provide for the resumption and continuance of grain handling operations in the ports of Vancouver and Prince Rupert, British Columbia.

It is never a happy occasion when Parliament has to intervene in the collective bargaining process. However, the government has the conviction—shared, it appears, by members of other parties in the House of Commons—that legislation is essential at this point in order to ensure that economic hardships being visited upon western Canada's grain producers do not cause further dislocation, in particular with regard to the transport of grain shipments to destinations beyond our borders.

Honourable senators, there is no doubt that our country's reputation as a reliable exporter is at stake as a result of this dispute, which shows no signs of an earlier resolution. The impasse in question involves the B.C. Terminal Elevator Operators' Association representing five grain elevator companies in the Port of Vancouver and the Grain Workers' Union Local 333 which represents some 650 grain handlers.

The previous collective agreement expired almost 18 months ago and, despite efforts since that time, the two sides have been unable to reach an agreement. The Federal Mediation and Conciliation Service of Labour Canada has exerted its efforts to help the parties to arrive at a resolution of the outstanding differences. As I told the Senate yesterday afternoon, even the assistance of private third-party mediation was unable to establish sufficient common ground to settle this dispute. In fact, the mediator withdrew from the negotiations because he felt that the two sides were too far apart on the key issues of hours of continuous operation as well as wages and pensions.

Subsequently, the elevator operators, responding to a work slowdown at certain elevators, implemented a lockout of all of its facilities late last Sunday.

[*Translation*]

Since then, senior officials from Labour Canada have been concerned that a lengthy work stoppage at the port of Vancouver would have serious consequences on the overall economy in Western Canada and create serious problems for grain producers.

[*English*]

However, the parties remained intractable. They were then advised by Mr. Danis, the Minister of Labour, and his officials that the federal government would not sit idly by and watch while paralysis set in with respect to exports that were so vital to the economic wellbeing of such a large part of the country. Shortly after that, the Minister of Labour determined that there was very little prospect that the existing chasm between the two parties could be narrowed in the foreseeable future. As a consequence, he recommended to cabinet that, no matter how regrettable, there was no alternative option to the action that is being proposed today to bring a halt to the stalemate.

As I indicated to the house yesterday in reply to a question from Senator Olson, the legislation before the Senate provides for the immediate resumption of grain handling operations at the Port of Vancouver and provides for the appointment of a mediator-arbitrator to deal with all matters remaining in dispute between the parties. The bill also extends the term of the collective agreement to include the period beginning January 1, 1990 and ending December 31, 1992.

I may say that this legislation also makes reference to two grain handling disputes: The one I cited at the Port of Vancouver, and another between Prince Rupert Grain Ltd. and the Grain Workers' Union, Local 333. The Prince Rupert dispute is now at the conciliation officer stage, but it bears quite remarkable similarities to the more pressing Vancouver case. Having said that, I think I should advise the house that earlier

today, when the bill was going through the House of Commons, the Minister of Labour stated that Part II of the bill, dealing with the Prince Rupert situation, would not be proclaimed now, that the government would wait to see what transpired in what remains of the collective bargaining process at Prince Rupert, and we would not proclaim it before holding consultations with the opposition parties. I am sure Mr. Danis will repeat that assurance when he is before us in this chamber for Committee of the Whole a little later on.

While the bill will bring an end to the current debilitating work stoppage, it nonetheless provides both parties with an alternative to an imposed settlement. The government hopes that both sides will avail themselves of this opportunity to reach an accommodation on the matters that are still in contention. They should grasp this chance to demonstrate their flexibility by negotiating in the spirit of collective bargaining, persevere beyond the issues that divide them and come to an arrangement that will lay the foundation for future accords.

[*Translation*]

The government is strongly recommends opting for the mediation process proposed in Bill C-25, which means they would avoid having a settlement imposed by arbitration.

[*English*]

As I indicated at the outset, it is never a pleasant task for the government to introduce legislation of this kind. However, both parties have assumed irreconcilable positions and Parliament consequently has no choice, in our view, but to protect Canada's overall reputation as a reliable supplier of grain while also safeguarding the interests of its often beleaguered agricultural sector.

[*Translation*]

Honourable senators, as soon as the opposition critic has spoken on second reading of this bill, I will be ready to invite my colleague the Minister of Labour, Mr. Danis, to appear before the Committee of the Whole to explain and expand on the provisions of this bill.

[*English*]

Hon. Raymond J. Perrault: Honourable senators, as a former Parliamentary Secretary to the Minister of Labour, I have studied this bill, I have listened to the justifications advanced by the government, and I believe this is one of those occasions when we should support this measure from the government. In saying that, I find no joy in the immediate task before us. It represents, perhaps, a failure of the collective bargaining process. As the Leader of the Government has pointed out, at issue is the conflict between the B.C. Terminal Elevator Operators' Association and the Grain Workers' Union to expand the present workweek of the Vancouver terminal from the present five days to seven days. There is an enormous volume of grain going through that port. Therefore this matter is absolutely vital not only to western Canada, but to the entire nation.

● (1410)

The Elevator Operators' Association has locked out workers at five terminals. This happened, as the Leader of the Government has said, on June 9, 1991. On Tuesday, June 11, Labour Canada mediators were sent to Vancouver to find a resolution to the dispute, but no solution was found, although I believe a valid and sincere effort was made by them to find one. The mediators returned to Ottawa just after one day.

On the management side, the Elevator Operators' Association is trying to expand the workweek to seven days from five. At the present time terminals operate on a five-day workweek with overtime on the weekends. Ships and rail systems operate seven days a week. Management would like to have workers work four 12-hour shifts with four days off. That would bring a worker's week to 42 hours as opposed to 40 hours at present.

There are many ships waiting in Vancouver for the loading of grain. I understand there are now over 20 ships waiting, and this results in bad publicity and bad business at a time when our country is facing tougher international competition.

Labour takes the position— and may I point out that the Grain Workers' Union has a very enlightened union— that on the west coast they have all sorts of programs of great importance to the public interest. For example, they have a program to help young people get through school by trying to find them part-time work. I have known many young men who are today medical doctors as a result of the Grain Workers' Union on the west coast helping them find ways to supplement their income in order to pay their way through medical school.

We have here a very responsible trade union. We have also responsible terminal operators, and it is sad to see any failure to achieve agreement involving those who basically are responsible people. The Grain Workers' Union does not want to have its workers work 12-hour shifts. A question I was asked in Vancouver last weekend was, "How would you like to work a 12-hour shift?" Well, I can recall working something like a 36-hour shift a few months ago when we were involved in the GST dispute.

The workers are saying there is a danger to health here, that their coordination is somewhat diminished after an eight-hour period. They are saying, "At least study our claims. Can you promise that it is not going to have a detrimental affect on our families, our health and our productivity?"

I believe that is a fair request, and I understand the government has expressed sympathy for that position and that some study will be undertaken to attempt to determine whether there is validity to the concerns expressed by the Grain Workers Union. They do not want their workers to lose overtime pay. The union says that management's plan would mean that grain handlers could lose an average of 15 thousand dollars in lost wages a year. If that is a fact, then one can understand the opposition of certain members of that union. The current hourly rate is $18.72 an hour.

The important issue for senators and members of Parliament, especially those from western Canada, is the impact which the strike has not only on the grain producers and farmers, but on the entire nation. Should the strike continue, lost revenue could be extremely high at a very critical time. At the same time, it should be noted that farmers are being

[Senator Murray.]

squeezed by a subsidy war between the United States and the European Community and grain prices are subsequently unreasonably low.

I could make the observation that if the government had moved on this issue a few weeks ago it may not have come to this stage, but I have been involved in many of these disputes and I understand that it is difficult to determine the ideal time to take action. So I will not to criticize the government on that point.

The question is whether the rights of the grain handlers in protesting the longer week and lost overtime wages outweigh those of management and the grain producers. It is unfortunate that in this case the bargaining process has not been successful.

As I said before, there is no joy in the action that we must take today. We all have a respect for collective bargaining. We have respect for the workers and their rights, and we understand what it means to have the reputation of Canada further damaged in the extremely competitive area of grain exports. There is no joy in stepping in where collective bargaining has failed. There is never any joy in forced solutions. I think we all agree on that. We are called upon to carry out our duty, and carry it out today we must. Our duty is to restore grain handling services at the Port of Vancouver, which means that we must support the bill now before us to secure the reopening of the grain handling facilities there. As painful as that might be, I believe that duty should be carried out.

As I have mentioned, I know the trade union well, as do most of you, and I have great respect for this particular union and its workers. It is with great reluctance that we interfere in the exercise of union rights, but currently we have a very serious agricultural situation in western Canada. Some of my relatives are in the industry and it has been a very difficult and dreadful time for them.

I do not propose to delay proceedings further, but I may pose further questions when we get into Committee of the Whole. Honourable senators, I wish to express the support of those on this side of the chamber for the measure before us.

Hon. H.A. Olson: Honourable senators, I will be brief, but there are a couple of things which I think should be said at this stage. I agree with Senator Perrault that we should expedite the passage of this bill, but there are a couple of things that do not ring true. One is that it has been 18 months since the expiry of the agreement which we are now to extend to sometime in 1992. That tells me very clearly and quickly that there is something wrong which has not yet been revealed to me or to the Senate. I do not know why there was no agreement reached in 18 months. I know that the grain handlers in Vancouver, and indeed in Thunder Bay, have worked several months beyond the expiry of an agreement, despite the fact that the labour unions generally take the position that if there is no agreement there is no work. When the agreement expires they usually shut down until they do get an agreement.

However, these grain handlers' unions have not done that. When the Minister of Labour arrives he should try to explain what happened in those 18 months. What we were told by the Leader of the Government—and I am not disputing him—is that they called for an organized slowdown involving working-to-rule, and whatever else they did.

• (1420)

We then get into a confusing set of statements. One is that the union says that they do not want their workers to work 12 hours a day, as it might cause health problems and various other things. On the other hand, however, they say that they do not want to lose $15,000 per person per year. The only way they will lose that $15,000 per person is that they will lose their overtime. I understand they get paid a little more when they work overtime. Their regular pay averages about $18.72 an hour.

The point I am trying to make is that they cannot have it both ways. They cannot, on the one hand, argue that they cannot work long hours in a week, and then, on the other, complain that they do not want to accept this new arrangement propossed by the employers because they would then lose their overtime. Perhaps we could get some explanation of what seems to be a contradiction here.

Because this has been a serious problem that we have had to deal with several times in the past, the other thing I should like to know is this: When will things settle down so that both sides accept what happens after the legislation takes effect, or even before that?

On pages seven and eight of this bill, it states that a mediator-arbitrator will be appointed. He will have a great deal of power. There is nothing new about that—and I am not disputing it—but on page eight, clauses 19.(3)(a) and (b) describe the use of a mediator-arbitrator. Clause 19.(3) states that the mediator-arbitrator has, with such modifications as the circumstances require, certain powers to do certain things. Those are imperious powers, and mediator-arbitrators are given a lot of muscle.

Perhaps the Leader of the Government would explain just what is involved, because the bill refers to a number of statutes, for example, section 84 of the Canadian Labour Code and other sections that apparently give a mediator-arbitrator some power. When the minister and his advisers come before us, I should like them to explain that.

My reason for asking these questions is not complicated;ld it is simple. We should like to know now when a peaceful arrangement will be arrived at between the employer and the union, because it looks to me as if there has been some difficulty in the past. Sometimes they call it bad blood. I am not sure that that is the right word in this context, but this dispute has gone on for 18 months. They could not find a basis for settling or changing the work relationship, so the union started an organized slowdown. Shortly after that, the company was upset about the costs that were involved with that slowdown and ordered a lockout on June 9.

I give notice now that I would like some explanation of those things, as well as of one or two other things, and I hope that the minister and his advisers can explain these matters to us when they appear before us later today.

In conclusion, I hope that we can find a basis for settling this dispute now or, failing that, for ordering the grain handlers back to work at once. I have some statistics on what this situation is costing. The minister told us it was costing approximately 300,000 tonnes per week. Because of the critical situation in the international grain market, this situation could be far more serious than it appears on the surface. Some customers may go elsewhere to fill their orders and those sales might be lost for many years to come. Therefore, I hope that we can return to being a reliable supplier to the customers we have. In that respect we will try to do what we can to expedite the passage of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

Hon. Lowell Murray (Leader of the Government): Honourable senators, I move, seconded by the Honourable Senator Barootes, that the bill be referred to a Committee of the Whole and that the Senate do now resolve itself into a Committee of the Whole for that purpose.

The Hon. the Speaker: It is moved by the Honourable Senator Murray, seconded by the Honourable Senator Barootes, that this bill be now referred to Committee of the Whole.

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

Motion agreed to.

CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Heath Macquarrie in the Chair.

Senator Murray: Mr. Chairman, with leave, I would like to ask that the Honourable Marcel Danis, Minister of Labour, be invited to participate in the deliberations of the Committee of the Whole, and that he be accompanied by his officials.

The Chairman: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Chairman: While we await the arrival of the minister, I might confess to my fellow senators that this particular task makes me think of Shakespeare's Twelfth Night, that ". . . some have greatness thrust upon them."

Pursuant to rule 18 of the *Rules of the Senate*, the Honourable Marcel Danis, Minister of Labour, was escorted to a seat in the Senate chamber.

[Senator Olson.]

Senator Murray: Mr. Chairman, I believe this is the first time that the Honourable Marcel Danis, Minister of Labour, has appeared in the Senate, and on behalf of all colleagues I wish to welcome him.

[*Translation*]

Mr. Danis represents the riding of Verchères in the province of Quebec since 1984. He was vicepresident and acting chairman of the Committe of the Whole of the House of Commons, minister of State for Fitness and Amateur Sport. He became minister of Labour only six weeks ago.

[*English*]

The minister has a brief opening statement to make, after which he will be glad to reply to questions from colleagues.

The Chairman: We welcome the minister.

• (1430)

Hon. Marcel Danis, Minister of Labour: Honourable senators, I should first like to introduce my two senior officials who are with me. They are M. Pierre Hamel, Directeur des services juridiques de Travail Canada, and Mr. Mike McDermott, who is the Senior Assistant Deputy Minister of Labour Canada.

[*Translation*]

As I said, I had hoped to meet you in more favourable circumstances but in the interest of Canada I think we have to present this bill which was passed sooner in the House of Commons.

[*English*]

As honourable senators will know, this bill provides for the resumption of services at the Port of Vancouver. We have made tremendous efforts in trying to get the parties to agree to a collective agreement.

Just this past week Mr. McDermott went to Vancouver to meet the parties. Members of management flew to Ottawa and I met with them yesterday morning. I spoke at length to the union leader, Mr. Kancs, but after these discussions I felt there was no possibility of a settlement.

There are three issues involved in this dispute. First, there is the issue of continuous hours of work. There is then the issue of wages and the issue of pensions. I believe there could possibly have been some agreement on the issue of wages and pensions. However, on the issue of continuous hours of work both sides remain totally inflexible. They both have valid reasons for the positions they take, something which makes the settlement of this dispute all the harder.

To try to resolve the issue of continuous hours of work, I suggested the setting up of an industrial commission to study the effect on employees of 12 hours of work. The proposal was made to both management and labour. It was well received by labour, but was rejected by management.

When this fact became apparent to me, I felt that we should act. Of course, I do not have to remind honourable senators of the tremendous economic impact that is caused after a shutdown involving grain handlers in the Port of Vancouver. Even though, as Minister of Labour, I do not like to take this course

of action, I feel that it is in the best interests of Canada to proceed with the legislation and to get grain moving again.

Thank you, honourable senators.

The Chairman: Thank you, Mr. Minister. Honourable senators, as we proceed in Committee of the Whole on Bill C-25 I will follow the usual tradition and ask: Shall the title be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause 1, the short title stand?

Hon. Senators: Agreed.

The Chairman: Shall clause 2 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 3 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 4 carry?

Hon. Senators: Agreed.

Senator Olson: Mr. Chairman, I do not know exactly where I should ask my question, but perhaps I will do it now.

Could the minister explain to us for what reason the management in this case rejected the proposal? I am not sure what the proposal amounted to. The minister has said that it was a proposal.

Mr. Danis: Management told Mr. McDermott that the issue of continuous hours of work, to use their exact words, "had been studied to death" in many jurisdictions, and they did not feel that further study would be productive. They felt they were right in asking the workers to work the 12-hour shift. They did not feel that it would endanger the health of the workers and they did not see the need for a study.

Senator Perrault: On that point, I have had an opportunity to talk to some of the people involved in this dispute, and I asked them to put their concerns in writing. It is a short statement, which I should like you to comment on.

> The Union has asked the government to submit the Hours of Work demands of the Companies to a neutral committee to investigate the impact of their demands on their employees' health, safety, social well-being, their relationships with their spouses and children.
>
> We feel very strongly that our family life will be completely destroyed; we feel very strongly that our health will be considerably impaired. We feel very strongly that our safety will be at great risk.
>
> In 1947-1948, the grain workers worked 12-hours shift and continuous operations, 48-hours a week with no premium pay for Saturdays and Sundays. Now the Companies are demanding that we work this way in 1990-1991. It took 42-years for the grain workers to achieve the conditions so that employees are treated like human beings; now the clock is turned back 42-years.
>
> Again, we emphasized that a Committee of 3-persons should be set up to investigate and to study those inhuman demands by the grain companies. One of these 3-persons to be a Physician/ Psychiatrist so that his/her recommendations will be taken into consideration.

My question is: Does that represent the views presented to you by the union in this case, and will the arbitrator that you will appoint establish a committee to hear what they have to say about the validity of the workers' charges?

Mr. Danis: Mr. Chairman, the short statement that the honourable senator read is correct. That is, in fact, the position of the union. In fact, it was also my position when I sent Mr. McDermott to talk to the two parties. I personally agree with that demand.

Senator Perrault: It is a reasonable demand.

Mr. Danis: I personally think it is a reasonable demand. On the other hand, I have talked to the other side. The other side's point is, first of all, that they represent the farmers and they are concerned about the price of grain, which is very low at this time. They tell me that in many industries the policy of continuous hours of work is a fact whether it be the railways, shift workers, nurses or whomever. They also feel that it is a reasonable request, which is where the difficulty comes in.

With regard to your second question, if the arbitrator were to ask me, as Minister of Labour, to appoint an industrial commission, such as the one you have suggested, it is within my power under the Canada Labour Code to do so, and, if asked by the mediator/arbitrator, I would certainly do so.

Senator Olson: Mr. Chairman, is that the only reason they rejected the study? They said that the subject had been studied to death, so they feel that they know where it would lead. Was there a projected difference in the cost of operations because of that proposal?

Mr. Danis: Mr. Chairman, definitely there would be a difference in the cost of operations. As I understand the management proposal, people would work four hours on, four hours off, and average something like 42 hours per week, but with no overtime. Right now, of course, they pay overtime, especially since, as I understand it, there are massive shipments of grain at this time of year. The union says there is a health issue. Management does not believe there is a health issue. But I am convinced that there are economic issues on both sides of this case.

• (1440)

Senator Olson: I would expect that the employers, and perhaps the unions too, are convinced that however they work out the arrangements with overtime or four 12-hour shifts, there will be continuous operation seven days a week and, probably, 24 hours a day. It is just a matter of working out the details of how they set it up with regard to how much is overtime and so on.

While I am on my feet, Mr. Chairman, I would like to mention one thing that puzzles me about the union's position. Believe me, I do not hold any brief for the employers in this case because I had some problems with them on two or three occasions about 20 years ago, but that is not why I am asking

the question in this context. I cannot understand why the union would be arguing that working 12 hours, or however many hours a week they would work, involves a health problem, and then complain that they would lose $15,000 of salary if this system goes into effect, because they will then put in enough overtime which may result in this health problem.

Mr. Danis: It is very difficult for me to comment on this. I have spoken to the union leader, Mr. Kancs, and his point of view is that, if a commission were set up and wives and children were able to testify in front of the commission, they would be able to tell the commissioner what effect that type of work system has on their personal lives. It is that type of issue that he wants the commission to consider. With the process of mediator-arbitrator, that will be possible.

Senator Olson: I am not sure I follow you. It seems to me that the same workers are, apparently, prepared to load the ships on a continuous basis but that they want enough of those hours transferred into overtime so that they will be paid overtime rates. I do not know of any other industry that deliberately sets out a regularly scheduled work week that includes significant amounts of overtime. They might consider changing the wages and operate on a regularized basis.

Mr. Danis: The group of people, I suppose, who would most closely resemble the ones you have just described would be the longshoremen. On the issue of wages in this connection, what Local 333 wants is parity with the longshoremen. The longshoremen were able to negotiate their contract at the end of 1989 with a substantial wage increase.

Theoretically, if I could offer Mr. Kancs the same collective agreement as the longshoremen, he would jump at it, but I do not think that would be the position of management and the wheat pools.

The Chairman: Honourable senators, shall clause 4 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 5 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 6 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 7 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 8 carry?

Senator Kinsella: Under clause 8, in terms of the methodology available to the mediator-arbitrator, I am curious to find out whether he would be authorized to use final-offer arbitration.

Mr. Danis: It would be possible for the arbitrator to proceed in that manner, but the legislation does not specifically provide for that. It is possible for the arbitrator to act in that way.

Senator Olson: I would refer to subclause 8(3). During the second reading debate I indicated that I would like to have some further explanation of what ". . . mediator-arbitrator has, with such modifications as the circumstances require, . . ." means. That is fairly loose language. He would merely have to declare that the circumstances require a certain action. I want to know how much power he will have to settle this matter by way of a long-term agreement, although it would not be an agreement; it would be imposed by a man you refer to in some other sections of the Canada Labour Code and other places where, apparently, a mediator-arbitrator already has these powers or would have these powers through laws that had been passed previously.

[Senator Olson.]

Mr. Danis: With regard to the duration, as settled by the act, that would be three years. With regard to the powers, the arbitrator will be given powers to settle all issues in dispute presently in the collective agreement.

It is our hope that since we have chosen the route of a mediator-arbitrator—and it is still our hope even though, every day, the percentages of success are declining—that there would be attempts at mediation by that person with management and union. If not, then we have chosen to give all the powers available to the arbitrator to settle all the issues and disputes for the duration of the collective agreement.

Senator Perrault: Mr. Minister, if we enact this law today, how close are you to appointing that mediator-arbitrator? Do you have a short list? Do you have someone outside the chamber ready to go to work?

Mr. Danis: No, sir, I do not have a short list at this time but we hope to be able to appoint that person within the next few days.

Senator Barootes: He is looking for a job.

The Chairman: Honourable senators, shall clause 8 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 9 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 10 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 11 carry?

Senator Perrault: Before we leave clause 11, it seems to me that $50,000 seems to be a rather draconian amount. Would that impact on the organization or the individual worker?

Mr. Danis: For the individual worker, the maximum is $1,000. The $50,000 is applicable to the corporate entities, whether that be the unions or officers of the corporate entities.

Senator Olson: Paragraph (b) provides for $1,000.

The Chairman: Honourable senators, shall clause 11 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 12 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 13 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 14 carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall clause 15 carry?

Senator Perrault: Some concern was expressed in the other chamber with respect to Prince Rupert. Did you have a modification to propose?

Mr. Danis: It was raised in the other chamber that the Prince Rupert dispute was still in the process of being negotiated. Therefore, this could be seen as a preemptive strike against either labour or management. I gave my assurance to both opposition parties that it was not the intention of the government to proclaim Part II at this time. Only if there were to be a work stoppage would it be proclaimed, and only after consultation with both opposition parties. After having been given those assurances, they agreed to support this.

• (1450)

Senator Perrault: That is a good assurance to give, Mr. Minister. Thank you.

The Chairman: Shall clause 15 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 16 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 17 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 18 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 19 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 20 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 21 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 22 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 23 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 24 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 25 carry?

Hon. Senators: Carried.

Hon. Mabel M. DeWare: Mr. Minister, before we conclude this, I should like to say that for over four years I was the Minister of Labour for the Province of New Brunswick, responsible for lockouts and disputes in that province. I realize that our population of only 700,000 does not even compare to the 25 million people whom this dispute would affect, but I want to tell you that we did not take lightly circumstances in which we had to stop a lockout. I understand what the government has gone through these last two or three days in making this decision. I know it has been difficult for you, your department and the government, and I want you to know that I realize the economic impact this has on Canada. I commend you for taking this position today.

The Chairman: Shall the schedule carry?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Hon. Senators: Carried.

The Chairman: Shall the short title carry?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall I report the bill?

Hon. Senators: Agreed.

The Chairman: I thank the Honourable Minister and his officials for their attention to this duty and their dispatch in discussing this important matter.

Senator Murray: Mr. Chairman, I move that the committee rise and report the bill without amendment.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

Hon. Heath Macquarrie: Honourable senators, the Committee of the Whole, to which was referred Bill C-25, to provide for the resumption and continuance of grain handling operations in the ports of Vancouver and Prince Rupert, British Columbia, has examined the said bill and has directed me to report the same to the Senate without amendment.

THIRD READING

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

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, with leave, I move that the bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1
THE SECRETARY TO THE GOVERNOR GENERAL

June 14, 1991

Mr. Speaker:

I have the honour to inform you that the Honourable Peter de C. Cory, 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 June, 1991, at 3:20 p.m., for the purpose of giving Royal Assent to a Bill.

Yours sincerely,

Judith LaRocque
Secretary to the Governor General

The Honourable Guy Charbonneau, Senator

Speaker of the Senate

Ottawa

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I thank all honourable senators for their cooperation. I believe I can inform them that the Deputy of His Excellency the Governor General is here and that I will now go and accompany him into the chamber for Royal Assent.

APPROPRIATION BILL NO.2, 1991-92

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-24, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1992.

Bill read first time.

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

On motion of Senator Phillips, Bill placed on the Orders of the Day for second reading on Monday next, June 17, 1991.

The Senate adjourned during pleasure.

• (1500)

ROYAL ASSENT

The Honourable Peter de C. Cory, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, The Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bill:

> An act to provide for the resumption and continuance of grain handling operations in the ports of Vancouver and Prince Rupert, British Columbia. (*Bill C-25, Chapter 25, 1991*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

• (1510)

BUSINESS OF THE SENATE

Hon. Orville H. Phillips: Honourable senators, I ask that all remaining orders stand.

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

Hon. Senators: Agreed.

The Senate adjourned until Monday, June 17, 1991, at 2 p.m.

THE SENATE

Monday, June 17, 1991

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

Prayers.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have some petitions to present. I know the clock is ticking and I want to get them in while at least part of the Senate is interested in the views of petitioners.

Today I have the usual format of petition requesting a correction of the iniquities of the goods and services tax, among other things, and calling for an immediate election. From Quebec, there are seven petitions. They come from Rouyn, Rouyn-Noranda, Victoriaville and Montreal, and there is a total of 141 names. There is only one petition from Ontario today. The signatures are from Don Mills and Scarborough, with a total of 24 names. So today's package consists of a total of 165 names on eight petitions.

Hon. M. Lorne Bonnell: Honourable senators, I have some petitions from the great Atlantic provinces. I think it is appropriate that I present them today since the governments of those three provinces are meeting today in Nova Scotia to discuss the goods and services tax and how it will affect their work. The people of Nova Scotia particularly are petitioning their government for redress. These are people from places such as Kemptville, Berwick, Aylesford, Wilmot, Kingston and Shubenacadie, Nova Scotia. I ask that these names be presented and that the government take action and try to do what they can to remove the goods and services tax.

I see also that some pig farmers out in western Canada are asking to have the GST rate lowered.

Hon. Jean-Maurice Simard: Order, order!

Senator Bonnell: You don't believe they are?

Senator Simard: Just sit down.

Senator Bonnell: They are asking that the rate be lowered to 5 per cent.

Senator Simard: That's not part of petitions.

Senator Bonnell: It is part of my petition.

Senator Simard: Don't break the rules!

Senator Bonnell: I would not break a rule; you know that. I thought the rule said that a senator sitting in his seat should keep quiet and let the senator having the floor speak.

VETERANS AFFAIRS

IT'S ALMOST TOO LATE—REPORT OF COMMITTEE—PRESENTATION OF PETITIONS

Hon. Jack Marshall: Honourable senators, I have the honour to present petitions, which, while the number of names, 378, may seem small, represent a scattering of members of the Seafarers' International Union of Canada. They were delivered to me personally by Andrew C. Boyle and, even though the numbers are small, are an indication of the fact that six months after the tabling of the report "It's Almost Too Late" we are still receiving petitions in good numbers showing the support of the people of Canada for the report of the Senate Subcommittee on Veterans Affairs, and, in this case, the recognition of the merchant seamen as veterans.

IMMIGRATION

REFUGEE DETERMINATION—LANDED IMMIGRANT STATUS—GOVERNMENT POLICY—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, June 20, I will call the attention of the Senate to the apparent contradictions in the policy of the government wherein certain refugees enter Canada and receive landed immigrant status while others are denied the privilege.

VETERANS AFFAIRS

PRISONERS OF WAR COMPENSATION—IMPLEMENTATION OF RECOMMENDATIONS—REVIEW OF ACT—GOVERNMENT RESPONSE—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, June 20, I will move:

> **THAT** the Senate acknowledges the implied responsibility of the Government of Canada to compensate the Canadian Hong Kong prisoners of war for the suffering they endured in the Japanese prisoner of war camps; and prompts further action
>
> That the government should consider the advisability of seizing the opportunity to provide benefits still denied to other prisoners of war, to which they should be entitled by right, by implementing the recommendations contained in the report of the Senate Subcommittee on Veterans Affairs, *It's Almost Too Late*, as a result of evidence given by the following:
>
> The National Prisoners of War (European Theatre) Association;
>
> The Dieppe Prisoner of War Association;
>
> The Merchant Navy P.O.W. Association; and

The Koncentration Lager Buchenwald Club.

The recommendations are as follows:

6. THAT the rates of compensation provided for under the *Prisoners of War Compensation Act* be reviewed with the objective of taking into account the severity of the prisoner of war regime forced on veterans by the award of additional compensation for each month deemed extremely severe, and that two additional categories be added at appropriate rates of compensation for those veterans who served 30 months or more as prisoners of war; and

7. THAT for the purposes of establishing entitlement to the Veterans Independence Program, receipt of prisoner-of-war compensation be treated as proof of undiagnosed medical disability.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY VETERANS HEALTH CARE REGULATIONS

Hon. Jack Marshall: I give notice that on Thursday next, June 20, I will move:

That the Standing Senate Committee On Social Affairs, Science and Technology be authorized to examine and report upon the Veterans Health Care Regulations (SOR/90-594, August 28, 1990) and on all other matters concerning veterans affairs which may arise from time to time.

[*Translation*]

NATIONAL FINANCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE PERSONNEL

Hon. Roch Bolduc: Honourable senators, I give notice that Tuesday next, the 18th of June, I will move:

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

[*English*]

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Royce Frith (Deputy Leader of the Opposition): What is the motion?

The Hon. the Speaker: It is moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Poitras, with leave of the Senate and notwithstanding Rule 45(1)(*i*), that the Standing Senate Committee on National Finance have power to engage the services of such counsel, technical, clerical and other personnel as may be necessary for purposes of examination and consideration of such bills, subject matter of bills and estimates as are referred to it.

• (1410)

Senator Frith: Unless some genius is about to fly the coop before he or she can be hired, I do not know why we cannot wait and deal with it tomorrow.

The Hon. the Speaker: Well, leave was asked for.

Senator Frith: Yes, but I do not see why it cannot be dealt with tomorrow, unless there is some reason it has to be dealt with today.

[*Translation*]

Senator Bolduc: It is to hire support staff but it is not that important. It can wait for a day.

[*English*]

Senator Frith: There does not seem to be any reason to deal with it today, and therefore I do not see why leave should be granted.

[*Translation*]

Hon. Eymard G. Corbin: Senator Bolduc, is it the committee report you tabled in the Senate on June 11?

Senator Bolduc: No, Senator Corbin.

Senator Corbin: Something else?

Senator Bolduc: Honourable senators, when committees meet initially, and I think those of us with some experience understand, a number of decisions are made, which include choosing a chairman and a vice-chairman, and the authority to print papers and to engage the services of certain people, including Library of Parliament staff and others.

That was the only purpose of this motion. The other day at our meeting, we forgot to introduce the motion. I thought I would table it in this chamber. If leave is denied today, it may be taken as notice, that's all.

QUESTION PERIOD

[*English*]

NATIONAL DEFENCE

CONTRACT TO REVIEW HEADQUARTERS

Hon. Gildas L. Molgat: Honourable senators, my question is directed to the Leader of the Government in the Senate. On March 12, 1990, the then Minister of National Defence indicated that he had awarded a contract for almost $5 million to Ernst Young Management Consultants to do a complete review of the National Defence headquarters.

Has that report been given to the government? Has it been made public? If not, when will it be made public?

Hon. Lowell Murray (Leader of the Government): I am sorry, honourable senators, that I do not know the answer to that question. I shall have to consult my colleague and bring in a reply as soon as possible.

[*Translation*]

EDUCATION

FRANCOPHONES IN SASKATCHEWAN—IMPLEMENTATION OF SUPREME COURT RULING—GOVERNMENT POSITION

Hon. Gildas L. Molgat: Honourable senators, I would have another question for the leader of the government in the Senate. It deals with the issue of education in French in Saskatchewan. I raise this question because this province has no French-speaking representative in the Senate.

The federal government, after the Supreme Court ruled that the francophones in Saskatchewan had the right to have their own school board, had promised to help Saskatchewan move in that direction.

It would seem, however, that the Saskachewan government does not want to move, while the federal government keeps sending funds their way for this program.

Can the leader of the government in the Senate tell us what his government intends to do to make sure that francophones in Sasakatchewan are indeed granted the rights recognized to them by both the Supreme Court of Canada and the Appeal Court of Saskatchewan, because the government of Saskatchewan was in favour of such idea, in the beginning at least, but things are not moving?

Will the federal government act on this?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, we are presently negotiating an agreement with the government of Saskatchewan regarding not only education services but other provincial services as well.

All I can do for now is contact my colleague the Secretary of State to inquire further. I will report back to the Senate in a few days.

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

NEW BRUNSWICK

EFFECTS OF ECONOMIC CRISIS IN BORDER AREAS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the first delayed answer I have is in response to a question raised in the Senate on April 9, 1991, by the Honourable Jean-Maurice Simard regarding New Brunswick—Effects of Economic Crisis in Border Areas. It has to do with cross-border shopping.

(*The answer follows:*)

[*Translation*]

Cross-border shopping is only one element of Canada's trade. The government is aware of the situation and is considering or has developed various policies to allow our country and our companies to be competitive while securing access for Canadian consumers to affordable products and services.

With the collaboration of communities and private business groups, the governing is assessing the numerous and complex factors which determine our Canadian suppliers' competitivity. Through this collaboration sensible and effective results will prevail. At the domestic level, the departments of Industry, Science and Technology, of National Revenue and of Finance as well as other departments are working in partnership to make sure that the federal response is well-thought-out and coordinated. These departments are also in contact with various provincial governments.

The government is now considering whether or not it should collect the provincial sales tax at the border. That would of course suppose provincial cooperation and a request on their part.

The price spread between Canada and the United States is not first the result of a higher profit margin by retailers. The structure of the merchandising chain, economies of scale, competition levels, operating costs, and cost of goods sold must all be taken into consideration. With these preliminary results, we will be in a better position to conduct our research and to consult with the industry concerned.

Canada competes on the international market and the Canadian consumers have the right to decide where they want to shop. The government wants to make Canada competitive enough so that Canadians choose to shop here. It might take some time before we reach our objective, but this is the proper and efficient way to go about it. At a recent meeting of the Retail Council of Canada, members, including representatives from the private sector and various government levels, came to the conclusion that closing down the border would not help us compete with U.S. retailers.

In accordance with the Free Trade Agreement, Canada and the United States must adhere to the duties stipulated in the Agreement and reduce them according to a preestablished schedule. Any increase by Canada in the duties on some goods would violate the Free Trade Agreement between our two countries as well as GATT agreements.

Any administrative barriers, or in the case of goods subject to import quotas (such as dairy products, poultry, and eggs) any limitationon goods over a 24 hours period Canadians travelling to the United States can bring back to Canada, could be challenged on the basis of our international trade obligations and could cause quite a stir among our and other American major trade partners.

The government has published the preliminary study of Ernst and Young on the competitiveness of distribution channels, and has taken a number of initiatives (particularly the Departments of Revenue, Tourism and Agriculture), but the issue cannot be resolved only through a political measure. The government will keep working simultaneously on many aspects in order to reinforce competitiveness in Canada, but the results will only start to show after a while. However, we have the will to

succeed, and we can rely on the support of many stakeholders.

In 1989, the Minister of Agriculture undertook a comprehensive study of the agricultural policy. This study involved, among other initiatives, the establishment of task forces on poultry and dairy products. These groups were asked to recommend, for this year, measures that would improve the ways to control demand. They are composed of representatives from all sectors of the industry—production, transformation, distribution—and they are helped by consumer groups who specifically look into the price setting mechanisms, as part of their mandate. Agriculture Canada has compared the prices of food products in different border towns in Canada and in the United States. The findings will help develop marketing strategies, after consultation with the industry.

Customs and Excise is trying to find new ways of improving its services to travellers, as well as the implementation of the legislation. For instance, they have already taken a number of initiatives to facilitate the processing of travellers, such as money distributors, a pilot project in Douglas, B.C., an express lane in Niagara Falls and in Windsor, an increase in the number of employees in busy places, as well as a better distribution of work teams. The Canadian customs have two major responsibilities, namely to facilitate the border crossing of travellers and products, and, at the same time, to ensure the fair collection of customs duties and taxes owed to the Government of Canada.

Tourism Canada has asked the consulting firm of Coopers & Lybrand to survey the American opinion in order to find out what they think of prices in Canada and what benefits there are for them in coming to our country. This initiative is aimed at resolving real or perceived problems. The government cooperates actively with the industry to ensure the promotion and the marketing of tourism in Canada.

[*English*]

GOODS AND SERVICES TAX

COALITION AGAINST ALL TAXES ON BOOKS—REQUEST FOR MEETING WITH PRIME MINISTER

Hon. C. William Doody (Deputy Leader of the Government): Honourable Senators, I have a delayed answer in response to a question raised in the Senate on May 30, 1991 by the Honourable Jacques Hébert regarding Coalition Against all Taxes on Books—Request for Meeting with Prime Minister.

(*The answer follows:*)

[*Translation*]

The Prime Minister is aware of the Coalition's concerns, and he has stated repeatedly that, together with the Minister of Communications, he would closely monitor the effects of GST on books.

[Senator Doody.]

Major rebates are offered to institutions (schools, colleges, universities and municipal libraries) that provide books and enhance learning. Also, registration fees with education services are generally exempted.

The refundable GST credit favours low income families and guarantees them an affordable price on any purchase.

A large tax base and a considerably improved refundable tax credit are the best ways to ensure Canadians with a fair and simple tax system, as well as with a low tax rate. To do away with the tax on books would make the implementation of the tax very complicated for retailers. The government will keep watching closely the implementation of the tax in that area.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

SECOND READING—DEBATE CONTINUED

On the Order:

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, at least one of the sections of this bill should be amended. My reason for saying so is expressed in a letter I received from the former Commissioner of Official Languages. He puts the position about this bill, C-15, and its effect on the Official Languages Act, very clearly and completely expresses my own view.

I propose to share the letter with you and perhaps make some comments on some of the paragraphs. The letter addressed to me is dated June 14, 1991, and says:

> As I prepare to relinquish my office, I wish to draw your attention to my concerns about Bill C-15 (formerly C-85) the Airport Transfer (Miscellaneous Matters) Act. Should this Bill be adopted as it now stands, it might constitute an unfortunate precedent for the implementation of official languages policy in this country.
>
> Section 4 of this bill makes the proposed designated airport authorities subject only to the provisions of Parts IV, VIII, IX and X of the Official Languages Act. The latter concern, respectively . . .

And by that and I assume he means those sections. He goes on to state:

> . . . communications with and services to the public, the responsibilities and duties of the Treasury Board in relation to the official languages of Canada, the Commissioner of Official Languages and the Court Remedy.

I now want to have a look at that section. Clause 4 of the act that is before us reads:

OFFICIAL LANGUAGES

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

(a) the authority were a federal institution; and

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

• (1420)

Here is the particularly offensive section. It is subclause 2. The marginal note is "Construction", and states:

(2) Nothing in subsection 23(2) of the *Official Languages Act* shall, in relation to an airport transferred to a designated airport authority by the Minister, be construed or applied so as to impose a duty on any institution other than that authority.

When I was a legal counsel to the first Commissioner of Official Languages, a good deal of our time during the first seven years was devoted to making sure that the provisions of the Official Languages Act applied to concessionaires. There is on file a lot of correspondence on the subject.

Let me continue with the quote:

To begin with, I am wondering what will be the scope of Section 4 of this Bill with respect, not to the aeronautical sector itself, but to other services which are of considerable importance to the travelling public. I refer here to services provided by third parties under contract, specifically the various tenants and concessionaires in airport terminals, concerning whom we have received more than 200 complaints in the past 3 years. I think subsection 4(2) of the Airport Transfer Bill is, to say the least, likely to be misinterpreted. It reads as follows:

He then cites the section I have just now cited. The letter continues:

We understand this subsection to mean that the legislator is attempting to transfer to the designated airport authority the responsibility that federal institutions must normally exercise under subsection 23(2) of the Official Languages Act. This subsection deals with the obligation of every federal institution to ensure that services that are provided or made available for the travelling public by another person or organization pursuant to contract with the federal institution for the provision of those services at an office or facility, be provided or made available in the manner prescribed by regulation of the Governor in Council in both official languages.

The rather ambiguous wording of subsection 4(2) of the bill under consideration will cause at least some confusion for those who will have to implement the Airport Transfer Act and Official Languages Act. I therefore strongly recommend that the wording of subsection 4(2) be revised to ensure that third parties under contract be required to provide their services under the linguistic terms currently required by the Official Languages Act and the regulations made under it.

I further wish to bring to your attention the absence from this Bill of any reference to a number of provisions of the Official Languages Act, among them the provisions of Parts V and VI concerning respectively language of work and the government's commitments regarding the equitable participation of the members of the two language communities of Canada.

Another large part of the work I did with Commissioner Keith Spicer was making it clear that the Official Languages Act does not apply just to language of service but also to language of work.

Two things on that subject; the B&B Commission made it very clear in its recommendation in the third volume dealing with the Public Service that reform was necessary in language of work and not just in language of service. Then, the provisions of the original section 2 of the Official Languages Act established the equality and status of the two languages as to their "use . . ." All the language of work regime is based on that three-letter word.

He goes on to state:

In my opinion, the designated airport authorities should continue to recognize the rights of employees with regard to language of work where those rights exist at the present time, since the new authorities will in fact be subject to the Public Service Staff Relations Act. What seems to have been forgotten here is that if this act does apply, the Official Languages Act should also apply, since the latter specifically takes precedence (with a single exception) over other acts of Parliament, on account of its quasi-constitutional status.

In this next paragraph he is talking about language of use institutions. He goes on to state:

Since these non-profit corporations will assume essentially the same functions and responsibilities with regard to these airports as Transport Canada, and since the Bill already provides for the implementation of the provisions of the Official Languages Act concerning service to the public, the designated airport authorities therefore should in my view be also bound to respect the two other major objectives of the Official Languages Act, namely recognition of the rights of employees with regard to language of work and equitable participation.

In case we think that the former commissioner is dropping an unexpected bombshell on this subject, *ex post facto*, I underline the next paragraph:

As I had previously occasion to mention before the legislative committee of the House of Commons on Bill C-85 . . .

So that this is not the first time he has drawn this matter to the attention of Parliament.

> . . . by eliminating the linguistic obligations of the designated airport administrations to service to the public, the wording of Clause 4 of this Bill in itself constitutes a dismemberment of another federal act, namely, the Official Languages Act. Any dismemberment of a federal act, particularly in as basic an area as that of official languages, can only be perceived as a legislative erosion that is incompatible with the importance of the latter's guarantees to Canada and Canadians.
>
> In conclusion, you may recall that the Act to privatize Air Canada maintains towards this enterprise all of the obligations under the Official Languages Act. I therefore strongly recommend that you intervene in the debate so that Section 4 of Bill C-15 be amended to ensure that all the provisions of the Official Languages Act continue to apply to the designated airport authorities. Any weakening of the current policy would seem to me to constitute an unacceptable and unjustified step backward.
>
> I thank you . . .

The letter is signed "D'Iberville Fortier".

Honourable senators, I received this letter very recently, and I move the adjournment of the debate so that I can prepare an amendment to offer when I continue.

On motion of Senator Frith, debate adjourned.

• (1430)

CROWN CORPORATIONS DISSOLUTION OR TRANSFER AUTHORIZATION BILL

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Eyton, seconded by the Honourable Senator DeWare, for the second reading of Bill C-8, An Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof.—(*Honourable Senator Molgat*).

Hon. Gildas L. Molgat: Honourable senators, when, on May 30, Honourable Senator Eyton proposed the second reading of this bill, he started off by saying that he was pleased to introduce the bill but that he was not necessarily thrilled. I am not quite sure what it was that Senator Eyton had in mind when he said he was not quite thrilled, but I suppose I share some of his reluctance.

I do not intend to oppose this bill. I will support its reference to committee, but I think that we have to have a good look at it in committee. Admittedly, some of the proposals are housekeeping and will have no major effect, and may indeed be good from an efficiency standpoint. However, there are two corporations included in this privatization bill which I think we have to consider carefully. One is the Canada Harbour Place Corporation and the other is the Harbourfront Corporation. Both corporations own very valuable pieces of land and I think it is important that, when we consider the bill in committee, we have some very clear indications as to what are the intentions of the government in this regard.

When we look back at some of the previous privatizations—for example, the sale of de Havilland to Boeing—it seems to me that the Canadian public has very good reason to seriously doubt the government's action in that instance. We seemed to be selling that corporation off at a low price. After the sale, the Canadian public was stuck once again with having to cover some additional expenses or costs, and now apparently the company is to be sold again. I am not sure if the Canadian public was properly protected in that case.

There is another, more tragic, case, namely, that of Route Canada, in which the trucking operations of the CNR were sold off. Of course, it was a shocking case where a corporation with a book value of some $75 million was sold for some $29 million and then was absolutely plundered by the owners who bought it. The employees of the corporation were probably the biggest losers because the corporation eventually was wound up. Certainly, however, the Canadian public was also a great loser.

I think we have to be very careful as we look at these privatizations to ensure that the interests of the public are taken care of, as well as those of the employees, and that we do not simply, willy-nilly, privatize companies without ensuring that we are doing the right thing.

This government seems embarked on a general policy that holds that privatization per se is a good thing. I do not necessarily agree with that approach. I do not think that we built Canada in the first instance on that premise. From 1867 on, recognizing the nature of our country, its geography and its history, there was, on the part of governments through most of those years, whether they were Conservative or Liberal, and on the part of the Canadian public, an acceptance that, for a number of things in Canada, we required the involvement of government or those things would not happen. I do not think that that attitude has changed greatly. That does not mean that, automatically, government has to be involved in everything, and it does not mean that, once government has gone into something, it must necessarily stay there. I agree with that. We have to look at these things in the light of events of the particular time at which we are dealing with them, but I have the feeling that the present government operates on the basis that privatization per se is a good thing. With that I disagree. We have to look at each instance in the light of the circumstances of the day and what is good for the country.

I would like to point out something else in the case of privatization. I think privatization essentially helps the two central provinces. The establishment of Crown corporations and government corporations was frequently to ensure that, in those areas of the country where private enterprise was either incapable or unwilling to do something, government could step in and do it. Now, when we come to privatization, what is happening? The pool of capital that is there to pick up on these privatizations does not exist in Newfoundland or in Manitoba. It is found in central Canada. Privatization, there-

fore, will lead to much more centralization of the economy in the hands, obviously, of those in the areas where the capital exists—Ontario, Quebec, and, I now suppose, British Columbia. The smaller provinces, the weaker provinces, those provinces where there is not a pool of capital on the scene, are the ones which end up losing in privatization. It leads to an increasing concentration of the economic power of this country in the hands of private entrepreneurs in the central parts of the country. Therefore, I think we have to be careful, when we do these privatizations, to keep in mind the question of balance across the country.

As honourable senators know, we have had enough trouble in the past with crown corporations and regional development. I remember only too well the problems we had in Manitoba when the then Trans-Canada Airlines, now Air Canada, was established. Its head office was established in Winnipeg. Throughout the years Trans-Canada Airlines and then Air Canada grew in Winnipeg. Its maintenance headquarters was there, and its head office was there. However, bit by bit, by way of decisions of the board of directors-and, I suspect, decisions that were not really related to the government; I do not think the government was aware of what the board was doing—we, in my province suddenly found that Air Canada, which had been the crown jewel of our economic development for a long time and the base of an aircraft industry in my province, had frittered away and disappeared.

We fought with the government at that point. I happened to be in opposition at that time and my honourable friend, Senator Roblin, who is not here today, was the Leader of the Government. We came down here and fought with governments, both Liberal and Conservative, to try to make them understand the importance of this crown corporation to our province. Even then, we could not get the message across.

It seems to me that if we cannot get the message across to crown corporations that they should at least take the general interests of the country to heart, then surely, once those corporations are privatized, the interests of the smaller provinces will be put at risk.

Therefore there is a broad consideration to be given here to privatization. It is not simply a case of business being able to do something better. In this country we have to look at regional development, something that crown corporations, throughout the years, have been essential in achieving.

So, honourable senators, while I do not oppose this bill, I would ask that in committee we have an in-depth discussion on it and illicit some answers from the government. I think we have to have clear indications, especially with regard to the assets of the two corporations where there is substantial value, that those assets will not be sold except by very public tender. If the price is not adequate, then the government should not proceed with the sale and should retain those values for the people of Canada.

● (1440)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, it seems to me that this bill should most properly be referred to the Standing Senate Committee on Banking, Trade and Commerce. However, that committee is not constituted as yet. I believe it is dealt with in a report from the Selection Committee which stands on the Order Paper for consideration later this day.

On motion of Senator Doody, debate adjourned.

STANDING RULES AND ORDERS

CONSIDERATION OF FIRST REPORT OF COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Robertson, seconded by the Honourable Senator Barootes, for the adoption of the First Report of the Standing Senate Committee on Standing Rules and Orders (recommendations concerning the *Rules of the Senate*), presented in the Senate on 11th of June, 1991.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I say to the government regarding this report that you ought not to do it. It is a hysterical reaction to events of a few months in the context of 123 years. We on this side have been excluded from the process. The committee records and the Senate record are very clear and establish without question that we have been so excluded. It is totally a Conservative caucus and government package.

Again I say, it is a terrible mistake. You ought not to do it. The Senate ought not to do it, but it is quite evident that you are hell-bent on so doing, thus destroying any usefulness for the Senate in our parliamentary system, and certainly destroying the possibility of any opposition.

For these reasons and for the reasons very clearly set out by Senator MacEachen in the second part of his intervention on Thursday of last week, we oppose this package. We also note that the government has not accepted Senator MacEachen's offer. For all of these reasons, we will be voting against the adoption of this report.

Some Hon. Senators: Hear! Hear!

Hon. Richard J. Doyle: Honourable senators, it has been my practice in these last six years or so to listen very carefully to the remarks of the Leader of the Opposition. I may not always agree with what Senator MacEachen has to say, but usually I can divine from what he says what his party is all about. I cannot tell you which comes first, the chicken or the egg, but usually the Liberal caucus reflects what we hear from "Allan J.", as he is affectionately known. It is an odd talent of communication that Senator MacEachen has never been able to successfully deputize.

In this curious debate which bounces from the rules to the Throne Speech, and resounds spasmodically in Question Period, we on this side have had great need of a definition of the problem as it is seizing our friends opposite.

To quote Senator MacEachen: "You have produced the rules. You have produced them in your caucus; pushed them

through in a one-party committee; and now you are putting them before the Senate. We on this side have been totally excluded from the process. We have not been part of it."

Yes, we have produced proposals for new rules after a number of meetings of a caucus committee and after consideration by the Conservative caucus as a whole.

Yes, we have pushed it through a Senate committee meeting which Liberals refused to attend, and we are now putting those proposed rules before the Senate.

We on this side have excluded no one from this process. We regret that you have not been part of it. That is my direct reply to Senator MacEachen's description of the problem.

We do not believe that a single member of the opposition has been in any way surprised that we tackled the rule book and tried to bring it out of the ignominy in which it was left last winter. Remember, the prime use made of the rule book was as a symbolic club to wave under the Speaker's nose. For 50 years, your party was master of the rules. Our chamber became the last refuge of the speech of unlimited length; of bell ringing that went on forever; of posturing that knew no bounds.

The Liberals knew very well that there was one thing that we would have to resolve in 1991, and that was how we could re-shape the guidelines of our conduct in this place without doing injury to the democratic process which must underpin our Parliament.

• (1450)

Conservatives agree that we had to find a body of rules that we ourselves could live with when we again held fewer seats than the opposition. Our leader, the Leader of the Government in the Senate, asked several of us to sit as a caucus committee and review the rules as they are set out in the little red book. We did this, and when we had gone a certain distance we went before our caucus and said, "Here are a number of changes that we feel are necessary if we sincerely believe, as we said publicly last fall that we did believe, that the Senate should not be a place where important government business is avoided and legislation is killed or obstructed indefinitely."

I might say that there was a good deal of discussion, even debate, in caucus and a good deal of movement back and forth before we reached a point where we were willing to propose to the Senate itself that our revisions be given consideration. We did not for a moment expect that members opposite would agree with all we had to say. It was possible to believe that Senators Frith and Olson would not agree with anything we had to say, but we thought that we had reached that point where some kinds of sensible discussion could be had.

I cannot speak for all of my colleagues, but I can tell you that the chairman and most members of our committee did not expect that you would exclude yourselves from the process, and use the argument of how many players there should be on each side to deter you from naming any members at all to the Committee on Standing Rules and Orders.

Nor did we anticipate that the opposition would make such a vigorous effort to confuse the public about our purpose. But

[Senator Doyle.]

that is what the Liberals did. The Deputy Leader of the Opposition did his best to blur the lines between the work of preparation, which we did through caucus, and the process of consideration, which began in open committee a week ago. I underline the word "open" because that is, perhaps, the most important recommendation that we have made in our proposals for revision of the rules. Only in a very few clearly stated exceptions will these new rules close the door to the public. The media will be free to attend except when matters involving contracts, personnel relations and such are under consideration. We have nothing to hide in the process we have offered. We will have nothing to hide in the process which will follow. Is this the hysterical reaction that Senator Frith says it is?

It is possible to believe that, in spite of what Mr. MacEachen has said, in spite of the feigned puzzlement of his merry members, the press has sensed what we on the government side have been about.

Rosemary Spiers wrote in the Toronto Star on June 8th:

> The Tories want limits on debate of 15 minutes per speaker, time allocation rules so the majority can limit debate and end attempts at a filibuster, and new powers for the Speaker to suspend the Chamber when it becomes disorderly.

Portia Priegert said in a dispatch from Canadian Press on June 5th:

> Call them the kazoo killers. The Conservative majority in the Senate has proposed sweeping rule changes for the upper house that would scrap many of the parliamentary high jinks seen during last fall's debate over the goods and services tax.

Senator Frith wants to know what we intend to do with all the time we will be saving when rules limiting speeches and procedural delays come into effect. He falls back on the argument that even with the good old rules we did not spend much time working in this place. He knows very well that we spent a great deal of time here between September and January and did very little work of any kind. We have done almost no work since we returned this spring because we are dancing with rules that Senator Frith and Senator Olson would preserve. It is not time but waste of time that offends us.

Senator MacEachen says: "You have built yourselves minefields all over the place. Even a cursory reading of the rules shows that you have built into them a number of potential minefields which will sow confusion, ambiguity and possibly chaos in the Senate."

I would say to my friend, the Opposition Leader, that while he was in Brussels last fall his lieutenants laid the minefields, sowed the confusion, provided the ambiguity and delivered the chaos that all of us answer for now. If we are to continue as we did last fall, then bring on the instrument of abolition.

We do not wish to steamroll what we have done if you have something better to offer, but may that something be better than the TV-style cross-examination of the Chairman of the

Rules committee, or the wails of being muzzled that came from the wordiest men in the Senate. Just how do you use new rules to muzzle the Senate which will retain the right to change the rules by consent?

Senator MacEachen: Question!

Senator Frith: Question!

On motion of Senator Doody, for Senator Lavoie-Roux, debate adjourned.

COMMITTEE OF SELECTION

THIRD REPORT ADOPTED

On the Order:

Consideration of the Third Report of the Committee of Selection (membership of certain select committees), presented in the Senate on 13th June, 1991—(*Honourable Senator Phillips*).

Hon. C. William Doody: Honourable senators, on behalf of Senator Phillips, I move the adoption of the report.

Motion agreed to and report adopted.

[*Translation*]

THE ESTIMATES, 1991-92

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) ADOPTED

The Senate proceeded to consideration of the First Report of the Standing Committee on National Finance concerning Supplementary Estimates (A) which was presented to the Senate on June 11, 1991.

The Hon. Roch Bolduc: Honourable senators, I move the adoption of the report.

He said: Honourable senators, the Supplementary Estimates (A), the first supplementary estimates for the 1991-92 fiscal year, deal solely with five proposed expenditure items for the Department of Agriculture, totalling $428 million. Three of these items, totalling $188.9 million, are for operating and capital expenditures and contributions under the department's Agri-Food Program, while the other two, amounting to $239.1 million, are for operating expenditures and contributions under the Grains and Oilseeds Program. Your Committee met on June 6, 1991 to review these supplementary estimates and hear officials of Treasury Board Secretariat and the Department of Agriculture appearing as witnesses.

The main proposed expenditures concern contributions under the Net Income Stabilization Account, the Gross Revenue Insurance Plan and the Cash Flow Enhancement Program for 1991 crops. Other contributions are to promote improved use and management of land, soil and related water resources and the long-term adjustment of the horticulture industry.

The proposed expenditures represent funding for the new Farm Support and Adjustment Measures package of programs. These programs, distributed over a two-year period, will alleviate the short-term income deficiencies of grain, oilseed and horticultural crops producers. They will be part of a new national safety nets system designed to meet farmers' needs for long-term predictable income, according to recommendations made by Agriculture Canada as part of its ongoing Agri-Food Police Review.

Details of the Farm Support Adjustment Measures program may be found in the committee's report. Honourable senators, I may add that in 1981, market income represented 73 per cent of total farm income, while only 24 per cent will come from net market income in 1991. The remaining 76 per cent or $2.5 billion will consist of payments from various government support programs, including the $428 million program you are being asked to approve.

However, I would like to point out that the criteria used are not necessarily the best. I think that if we calculate the ratio of program payments to total market income, in other words, the value of sales, we get a figure of around 10 per cent. The committee is concerned about the fact that the agricultural sector is becoming increasingly dependent on government assistance, and although it would have like to have more time to examine the reasons for this dependence, it was unable to do so within the timeframe for consideration of the Supplementary Estimates.

I may also remind honourable senators of our committee's report called the *Program Evaluation System in the Government of Canada,* which the Standing Committee on National Finance tabled last January concerning the 1990-91 Estimates. The committee did this study because it believed that its conclusions on the program evaluation system might be useful in considering the Estimates. Committee members would have like to obtain substantive information on the evaluation by Agriculture Canada of its farm support and adjustment programs and its plans for evaluating the new farm support program. I believe the committee needs this information if it is to be able to examine government spending on your behalf.

Thank you, honourable senators.

The Hon. the Speaker: Is it the pleasure of honourable senators to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to and report adopted.

• (1500)

[*English*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

TWENTY-FIFTH REPORT OF COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the Twenty-Fifth Report of the Standing Senate Committee on Social Affairs, Science and Technology, entitled: "It's Almost Too Late", tabled in the Senate on 31st January, 1991, (Sessional Paper No. 342-973). (*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, when I introduced this inquiry I indicated that I would be speaking on it

from time to time as matters arose and whether or not progress was made, or if there were any matters that came to my attention that would have an effect on the report: "It's Almost Too Late."

Today I want to refer to recommendations on the residence requirements for veterans under the War Veterans Allowance Act and the Civilian War Pensions and Allowances Act. They say as follows:

> 4. that the residency requirement of the *War Veterans Allowance Act* and Part XI of the *Civilian War Pensions and Allowances Act* be amended to permit otherwise qualified veterans to apply for benefits from outside Canada;
>
> 5. that the Canadian government take immediate steps to negotiate an agreement with the United Kingdom to exempt War Veterans Allowance from British taxes;

I can see that everyone is extremely interested in this.

When I was over in England last month as a guest of the Canadian Veterans Association of the United Kingdom I was asked to speak to the Canadian Women's Club by the Chairperson, Mrs. Catherine Chubb. The members of that club have been working for a long time to help these Canadian veterans while the Department of Veterans Affairs, the Government of Canada and all past governments have neglected them until some of the things that the subcommittee on Veterans Affairs did over the past three years.

Before I read the annual report of the Service Committee of the Canadian Women's Club—to which I spoke when I was there—I will read the section of the report that deals with the Canadian Veterans Association of the United Kingdom and all our Canadian veterans who decided on their right to live in another country after the war, as well as those who fell on bad times and are now actually living in destitution and poverty.

In order to qualify for the War Veterans Allowance, to which they would be entitled otherwise—and would now be receiving at the rate of $1,200 a month—they have to return to Canada for 12 months and remain in Canada. That is a trip that they cannot afford in the first place or they would not be asking for the War Veterans Allowance. They also have to leave overseas, their wives, who are probably sick. Canada will not repeal the simple section of the act that demands that these veterans return to Canada for 12 months.

I will read this report. It will not take long. The second part of our report entitled, "It's Almost Too Late", deals with this situation. It states therein that:

> In its 1981 report, "They Served, We Care"—

and here I am referring to the subcommittee that produced the report in 1981—

> your Committee recommended that "the residence requirement of the *War Veterans Allowance Act* and Part XI of the *Civilian War Pensions and Allowances Act* be amended to permit otherwise qualified persons to benefit from the legislation while residing outside of Canada."

[Senator Marshall.]

The subcommittee strongly urged the government to act on this recommendation. That was back in 1981. We made seven recommendations in that report and six of them were accepted by the government. The only one that was not accepted was the one dealing with the Canadian veterans overseas.

• (1510)

While the Statute Law Amendment Act of 1980 removed the Canadian residence requirements for widows and children of recipients who die outside Canada, veterans must still return to Canada and reside here for a period of one year before they become eligible for benefits. Once in receipt of an allowance, however, they can leave Canada and resume their residence abroad.

This restriction has been inflicted on them despite the fact that we in Canada are kind enough to allow allied veterans from right across the world to come to Canada, live here for 10 years and then qualify for the War Veterans Allowance. Yet the United Kingdom Government, for which we fought, will not do the same thing on a reciprocal basis. I think that is unfair and ridiculous.

Most veterans find it difficult and often impossible to return to Canada to establish residence in order to comply with the present legislation. Often they are too poor, too old and too ill to be able to travel and to establish a new domicile in Canada for one year.

I visited them in 1988 and saw them again. One woman came to me at the annual conference I attended. She was using two canes, was arthritic and wondered why she had to sign three forms in order to qualify for the disability pension that was awarded to her two or three years ago. She is still not getting the money and they had to go into a trust fund to get £250 for the lady to live until her pension was proved or the award was made. I brought these three forms back and sent them to Charlottetown, P.E.I. to the Department of Veterans Affairs, and a letter has gone to Mrs. Logie saying that her money will be awarded. She will receive almost $4,000 in retroactive pay and a small pension of $88 a month. I will try to get an attendance allowance for her which will help her a little in the few years she has to live.

Frequently these veterans have family ties where they are living that make it financially and psychologically out of the question for them to come to Canada for one year. Most of the veterans involved, especially those living in the United Kingdom and the United States, feel that Canada is ignoring their wartime service by forcing them to return to Canada for one year before they become eligible for benefits.

In 1988, the Subcommittee on Veterans Affairs invited the National Secretary of the Canadian Veterans' Association of the United Kingdom, Mr. Percy Mercer, to come to Canada to appear before the Committee. This is the third time I have read that into the record and I will continue to read it into the record until somebody smartens up. He was able to give evidence about the plight of many veterans who were living in absolute poverty. One case in particular was symbolic of

successive governments' lack of concern about the welfare of our veterans living abroad.

William Simmons, a Canadian veteran who had spent three years in a prisoner-of-war camp, had died destitute and left a surviving wife in the same condition. He did not know it himself, but he should have been receiving prisoner-of-war compensation since 1976 which entitled him to a pension equal to 25 per cent of the disability pension. Upon his death his widow should have received a pension equal to one-half of his compensation—amounts that would have allowed them to spend their last years in dignity rather than poverty. However, Simmons did not know that he was entitled to prisoner-of-war compensation, nor had the Canadian Veterans' Association of the U.K. been advised of the new legislation. The staff of the Canadian High Commission in London claimed they did not have the responsibility or the budget to seek out Canadian veterans to advise them of changes in the veterans' legislation that might be to their benefit. That is typical of the answers one receives.

As a result of Mr. Mercer's testimony, it became apparent to your committee that among impoverished Canadian veterans and their spouses living in Great Britain there might be others who were entitled to POW compensation and/or disability pensions. It was decided that all those who are listed with the Association and for whom the War Veterans Allowance was being sought should again be interviewed and have their war records studied to see whether they, too, might be entitled to pensions. Mr. Mercer and his colleagues carried out the study and submitted a large number of new applications to the Canadian Department of Veterans Affairs. They did not have to have a commission appointed to pay them hundreds of thousands of dollars to look for them. They are there, alive, and the Canadian Veterans Association did it on their own with my assistance over here.

I went over to investigate the conditions of Canadian veterans living there and the steps being taken to assist those in need. At my request the Bureau of Pension Advocates sent an advocate to the U.K. to interview Canadian veterans on the spot and avoid the delays of correspondence back and forth to Canada and to allow speedier processing.

Over the past two years 61 of these pension applications have been approved. They are pensions that veterans should have been entitled to probably since 1945 after the war. Over $250,000 in pensions—closer to $300,000—has been paid in retroactive benefits to U.K. veterans and spouses of deceased veterans, all of whom now receive regular pension income.

For example, one widow is entitled to a widow's pension of $1,057 a month. She is now receiving that, and also has received a retroactive award of some $36,000. She called up the National Secretary and said, "Is that really my money?" She should have been getting it, or her husband should have been getting a pension, since 1945 or shortly after.

Despite the success in finding entitlement to pension income for some veterans, many others are still living in poverty; poverty that would quickly be relieved if they were eligible for this War Veterans Allowance of approximately $1,200 a month. For some years now, the Government of Canada, to its credit, has made small payments to needy Canadian veterans in the United Kingdom, up to the limit where these payments would begin to affect the veterans' benefits under the British program of national assistance.

Your committee is pleased to note that, following the recent increase in the British limit from £21 to £43, the Canadian Government announced an increase in its support to the full £43. I read the two recommendations that the committee recommends.

There is a group in the U.K. to which we did not give credit. That group assists veterans in getting money, and it should be an embarrassment and a shame to Canada. In London I visited the Canadian Women's Club and spoke to the members for a few moments at their annual meeting. The president wrote to me and said, in part:

> For sixty years we have been able to give some financial help to these veterans, out of the profits of our annual Maple Leaf Ball. Over this period of time our list of those in need has grown extensively, and Mary Sellers, the Chairman of the Service Committee does a superb job of staying in touch with each and every one of them and keeping up to date their individual needs.
>
> Many of our members have not fully understood exactly why these men do not receive their Veteran's Allowance from the Canadian Government . . .

The president refers to my talk explaining the situation and mentions that they are more aware of what is going on.

In conclusion, I wish to take a couple of minutes to read from the report of Mary Sellers, who is the chairman of the Service Committee. She states:

> Demands on the resources of the Service Committee increase as the veterans of World War 2—

These are Canadian veterans.

> —become older, more infirm, and often fall on hard times. Many are very much alone and depend on us for help and advice. They greatly value the connection with Canada. The average age of the World War 2 veterans is 70, and I can foresee the number on our list steadily increasing over the next 5 to 10 years.
>
> At present there are 88 veterans and/or dependants on our list. This is the most we have ever had. As time goes on and the cost of living increases they will be even more in need.

• (1520)

The report states that three years ago there were between 70 and 75 on this list, and that a slow, steady increase is evident despite the deaths which are reported each year. The report goes on to state:

> In the past twelve months 3 deaths have been notified, and 9 names added. These new names were referred to the Committee, and recommended for assistance by the Canadian Veterans' Association in the United Kingdom

and the Department of Veterans Affairs' at the Canadian High Commission. 68 of the total number are helped on a monthly basis. These are veterans judged to be the most needy. Married couples and those with dependant children receive a slightly larger amount each month. Additional small cheques of £5 and £10 were sent on Canada Day, Thanksgiving, and birthdays.

They would not need that money if they were receiving the War Veterans Allowance. It is so simple to recognize that, indeed, they did serve their country and that they had every right under the Charter to live where they wanted to live. Yet we deny them that allowance unless they come back to Canada for a year, something which they cannot do. The report continues:

> There are 11 names on our list of "Specials" who receive cheques only on such occasions. Thanks to the funds received from the Maple Leaf Ball Trust we have been able to maintain this assistance. 8 veterans are "Contacts" only. They are known to be better off financially . . .

That is to say, if one can be better off than poor.

> . . . and have recently been awarded Canadian War pensions paid retrospectively. However, they appreciate continuing contact with the Canadian Women's Club and we keep in close touch with them with cards . . .

She goes on to explain who the members of the service committee are. They are wives of Canadians doing everything that members of charity organizations do such as making greeting cards and woollen crafts, as well as other things to raise funds.

There is also a clothing project mentioned in this report. In that vein it is reported:

> Canadians did much to bring additional comfort and cheer to "our" veterans. Once again the National Chapter of the IODE in Toronto sent food parcels at Christmas - or cash in lieu to those on special diet. Names and addresses of the veterans were supplied by the Service Committee . . .

The report goes on to detail the help that is being given in that regard.

Last year, I spoke to members of some branches of the Royal Canadian Legion, and there has been a result from that. They took enough sympathy to send over money. On that subject the report states:

> In the last year six branches of the Royal Canadian Legion in Ontario—Perth, Cornwall, Petawawa, Deep River, Pembroke and Smith Falls—have sent cheques totalling £6,457 as a donation to the work of the Canadian Women's Club Service Committee.

This money has come from members of the legion, most of whom are themselves on pensions. If they can see enough in their hearts to send money, why then can the Canadian government not help? It has been so generous in other aspects. There are now only about 450 people in this category, as most of the rest have died. Why can we not have removed that stupid clause which denies them the few benefits they would receive in their last few years? The report goes on:

> Thanks to these generous gifts it was possible to send each veteran a cheque for £50 early in December. It was indeed a special Christmas present! It means so much to veterans in the United Kingdom to know they are not forgotten by their Canadian comrades. One widow wrote that she had never received a gift of £50 before, and was completely overwhelmed.

That sets out clearly that the members of this organization who are seeking money are devoted to those Canadian veterans who are poverty stricken because Canada will not recognize them for their service and sacrifice to our country. The report goes on:

> With so many expressions of gratitude reaching the Committee it is not surprising that the members find their work worthwhile and rewarding. The widow of one veteran wrote "I am so very touched with the kindness shown to me from the Canadians. My dear deceased husband would have been so grateful knowing how much you all have helped me in my latter years". And another letter from the son of a Canadian veteran's widow reads "She looks forward to your cheque as most of her Pension (if not all of it) is taken up to pay for her upkeep. She uses it to buy her newspaper each day, some sweets, and the little luxuries which we might take for granted. It is also her personal contact with the outside world. You, your colleagues, and the Canadian Women's Club are doing a marvellous job and you are much loved for it". This is what the Service Committee is all about, and I hope we can go on helping veterans as long as the need is there.

Mary Sellers, the author of this report, will be visiting Canada. I think she should be recognized. I hope that, when she does come over, the Senate will be sitting and we might invite her to come to the committee.

Another aspect of the report, on which I have the opportunity to talk from time to time, is that, on the one hand, Canadian veterans receive a War Veterans Allowance. Those who qualify on the basis of a means test are not entitled to $1,200 a month if married, and approximately $800 they are single. If a veteran is entitled to a disability pension, he does not have to return to Canada to get it. The fellow who is poor and needs a War Veterans Allowance is being discriminated against. In order to qualify for the allowance he must come back to Canada. The fellow who suffered a wound, who has a condition as a result of his war service, is entitled to the disability pension even if he is earning $1 million a year.

The perfect hypocrisy is the example of a veteran with a slight disability, which gives him 1 per cent. That 1 per cent means that he gets a pay-off of $458.25. He is entitled to that without income tax, but, by the fact that he is getting a 1 per cent disability pension, he qualifies for the War Veterans Allowance and receives $1,200 a month. But Canada says, "No, we will give you the $400 once in a lifetime", and he is

not allowed to apply for the War Veterans Allowance which he needs, unless he comes back to Canada. They are now all too old. They will never come back now. They cannot, without swimming.

Honourable senators, I thank you for your attention. I hope I will have other examples to show that, despite the fact that Canada is very generous in its veterans' legislation, it is not so generous when it comes to the matter about which I have been speaking today. I refer not only to this government, but to all governments in the past. This matter first came up in 1951, when someone in the Canadian government was approached. I could spend some time speaking on that, too. Despite promises by the great George Hees, Prime Ministers, and everyone else who said, "You can be sure that when we get into government they will not have to come back to Canada. We will give them their rights and their War Veterans Allowance", it has not happened up until this day.

Concerning some of the pensions that are being sent, I am receiving letters from daughters saying, "Thank you very much, but my mother died and we will have to return the money."

Honourable senators, I wish to adjourn the debate.

On motion of Senator Marshall, debate adjourned.

CONSTITUTIONAL ACT, 1791

Hon. Royce Frith (Deputy Leader of the Opposition) rose pursuant to notice of May 14, 1991:

> That he will call the attention of the Senate to the two hundredth anniversary of a most significant event in Canadian constitutional history, namely, the passage of the *Constitutional Act, 1791*, and the advisability of making a request to the British Government that the record copy of the *Constitutional Act, 1791* should be permanently in the keeping of Canada.

He said: Honourable senators, before I begin the main body of my observations I want to place very clearly on the record my indebtedness to Mollie Dunsmuir of the Library of Parliament Research Staff. I wish to say how obliged I am to her for her superb research and for the drafting of the notes for this intervention.

● (1530)

The next thing I want to do is to give you all a warning and a promise. My warning is that anyone who is not interested in Canadian constitutional history will find the next 25 minutes or so very boring. My promise is that those honourable senators who are interested in history, especially Canadian political and constitutional history, will be fascinated by her research.

This year marks the 200th anniversary of a significant event in our constitutional history. The Constitutional Act, 1791, was the third or our major pre-Confederation documents, preceded only by the Royal Proclamation of 1763 and the Quebec Act of 1774. The major significance of the Constitutional Act of 1791 is that it was the first statute to confer representative institutions on the British North American colonies. Although Nova Scotia had enjoyed a popularly elected assembly from 1758, Prince Edward Island from 1773, and New Brunswick from 1784, these had been accomplished through Governors' Commissions and Instructions, and the gradual introduction of British parliamentary concepts. In the case of what is now Ontario and Quebec, however, it was necessary to repeal certain sections of the Quebec legislation of 1774, to which I have just referred, and to define the relationship between the new provinces of Upper and Lower Canada.

So the Constitutional Act of 1791 has two roles in our history: first, as the first statutory recognition of representative government in British North America; and, secondly, as the first recognition of Ontario and Quebec as separate geographical and political units whose separate provincial constitutions are still largely enshrined in sections 69 to 87 of the Constitution Act, 1867. From both perspectives, it is a document in which I think we can take great interest.

Although I am constrained to add that I have never been convinced that we Canadians manifest any deep—certainly not wide-spread and passionate—concern for the history of our constitutional documents and traditions, I know that we are very concerned about the Constitution and constitutional reform. As the journalist William Johnson said, there are few people in the world who display such interest in the question of constitutional reform, and he suggested that our national anthem might well start with the word "Whereas".

However, I am pleased to say that, notwithstanding our manifestation of less than deep and wide-spread interest in constitutional history and traditions, there are some who, of course, maintain a passionate interest in that subject. For example, the Canadian Study of Parliament Group is holding a conference here in Ottawa on November 1 and 2, entitled, "Canadian Constitutionalism 1791 to 1991: A Conference to celebrate 200 years of constitutional Government in Canada". The group hopes to publish in book form a collection of essays presented at the conference. The Quebec National Assembly is also planning a number of events to celebrate the bicentenary of parliamentary institutions in Canada.

Now, I am not suggesting to my maritime friends or implying that constitutional government in British North America began in central Canada, although we central Canadians are often accused of acting as if it did. However, because constitutional government evolved without the need of Imperial statutes in the Maritimes—that is, it evolved without acts of the British Parliament—it is more difficult to find a specific date to celebrate. I offer that as an apology for acting as if our history started in 1791. It started then in the sense that it was the first statute of that kind, and because it is more difficult, as I say, to find a specific date to celebrate with regard to the evolution in the maritimes. For example, in 1882 the Canadian House of Commons requested, through the Secretary of State, copies of the constitutions of various provinces, together with documents relating to political rights and privileges granted by the Imperial Parliament. Mr. Adams Archibald, the Lieutenant-Governor of Nova Scotia, replied as follows:

> I have now the honour to report, for the information of the House of Commons, that, as far as I am able to ascertain the facts, no formal charter or constitution ever was conferred, either on the Province of Nova Scotia, or upon Cape Breton while that Island was a separate province.
>
> The Constitution of Nova Scotia has always been considered as derived from the terms of the Royal Commissions to the Governors and Lieutenant-Governors, and from the instructions which accompanied the same, moulded from time to time by despatches from Secretaries of State, conveying the will of the Sovereign, and the Acts of the Local Legislature, assented to by the Crown; the whole to some extent interpreted by uniform usage and custom in the country.

Now, I confess to being very impressed by the sophisticated approach that our Maritime friends had to constitutional evolution, but I hope they will not begrudge Ontario and Quebec our occasional place in the constitutional sun.

Hon. John B. Stewart: Honourable senators, I wonder if Senator Frith would take a question?

Senator Frith: Well, I suppose so. I will take a question. I do not undertake to answer it, however.

Senator Stewart: Well, Senator Frith is describing two quite different patterns of constitutional development in what we now refer to as British North America. On the one hand, he mentions what happened in the Maritime provinces, where the sovereign himself was directly involved in conferring a form of government, and he then refers to the Canadian experience where the colony was put under the British Parliament, the elected representatives of the English. Why these two separate paths of development? He said earlier that the Constitutional Act of 1791 was necessary in the case of the Province of Canada because of the Quebec Act of 1774, but that begs the question: Why a statute of the British Parliament in 1774 rather than an instrument under the Royal Prerogative? Why statutory initiative in 1774 as distinct from instructions or a proclamation?

Senator Frith: Well, honourable senators, I think there is both a rhetorical and a non-rhetorical dimension to the question asked by Senator Stewart. I do not have the scholarship to answer those questions of why. I leave that to scholars like himself. My daughter, I must say, is an historian, and the 18th Century happens to be her period of interest, so perhaps I will persuade her to give me some notes for a subsequent speech that might deal with the question of why.

However, that does bring me to some professorial or academic and scholarly analysis dealing directly with the question of the Constitutional Act of 1791 in England. I am referring to an article entitled "Celebrating 1791: Two Hundred Years of Representative Government." The author is Professor Janet Ajzenstat of McMaster University, who sets out what she describes as the following "fascinating history" to the Constitutional Act of 1791. By "history," I mean the history in the British Parliament as referred to by Senator Stewart. I quote:

> The bill was introduced in the House of Commons by William Pitt in March of 1791, secured approval in May, and came in effect in the Canadas on December 26, 1791.

• (1540)

The actual anniversary is Boxing Day this year.

> No parliamentarian will be surprised to learn that few changes were made to the bill during its passage through the Commons. What makes the 1791 debate significant is the character of the arguments advanced. As they examined what was in effect a new political constitution for a new society, the Members of the British Commons described and justified British parliamentary institutions. The real subject of the debate was the institutions and political conventions grounding British parliamentary practice. The legislators were intensely conscious—

We are speaking of the legislators in Westminster—

> —of the work of the American and French constitutionalists of the period. They treated the Canada bill as an opportunity to make a British statement about liberal government that would rival those of the revolutionary nations.

That is the U.S. and France.

> The institutions they prescribed for the Canadas were meant to prove to the world that the British form of government could offer all the rights and benefits that free men could desire . . .
>
> The debate on the Canada Bill is well known to scholars. Indeed it is famous, but curiously enough not as a discussion of the grant of political freedoms to the colonies. Its fame derives from the fact that it was the occasion on which Fox and Burke quarrelled about the French Revolution, splitting the Whig party and ending twenty-five years of friendship. Historians usually suggest that the quarrel was more or less irrelevant to the bill before the House when it broke out. Those who write about Whig party fortunes barely mention the Canada bill, while those who treat the 1791 Act usually do little more than hint at the broader issues suggested by the discussion of the French crisis.
>
> The key to the Act lies in seeing the relationship between the legislators' reluctance to countenance measures to strengthen the democratic branch of government in the Canadas, and Burke's rhetorical outbursts about the evils of the revolution and popular government in France. Burke entered the debate charging that the republican principles springing up in revolutionary France would soon prove a threat to political freedom everywhere, even in England. He reminded his listeners of the arguments in *Reflections on the Revolution in France*. He told of terrifying events in France. At one point he called the regime in France an "anomaly in government", more terrible even than republican government. It was "A shapeless monster, born of hell and chaos".
>
> His argument was that if Britain, with all its weight of tradition, might not be able to withstand the onslaught of

> republicanism, the new societies of British North American would surely prove vulnerable. In the clause by clause reading of the Canada Bill he supported all measures that would restrain and balance the powers of the colonial legislative assembly, and strengthen the 'aristocratic' chamber. Indeed Burke was one of the members prepared to entertain the idea of fostering a landed aristocracy in the colonies.
>
> Fox attempted to avoid discussion of his position on the French Revolution. Nevertheless he was known to express admiration for the Declaration of the Rights of Man. If disenchantment had set in he was reluctant to admit it in these debates. He is still thinking of a future in which freedom broadened out from age to age. He ridiculed the idea of an hereditary aristocracy in Canada.
>
> He proposed measures to strengthen the Legislative Assemblies of the Canadas—

Quite opposite from the view of Burke, as you can see—

> and was instrumental in persuading the government to increase the number of seats in the Assembly of Lower Canada from the 30 proposed by Pitt to 50. Against Pitt's suggestion that the colonial elections be held every seven years, Fox argued for elections held yearly or every three years. In the end it was agreed that the assemblies would be called yearly and continue no longer than four years.

Incidentally, those interested in learning more about the passage of the Act and the learned debates in which William Pitt, Edmund Burke and Charles James Fox participated can refer to Professor Ajzenstat's article in this spring's edition of the *Canadian Parliamentary Review*. It is from these debates that spring the origins of the Ontario and Quebec legislatures.

In the order of business before the Senate today is the continuation of the debate on the address in reply to the Speech from the Throne at the opening of the third session of the 34th Parliament. It is order number 5 on the order paper. In the first Speech from the Throne delivered in Central Canada, in Newark, near Niagara Falls, which was Upper Canada's capital at the time on September 17, 1792—not even a year later. Let us remember that December 16, 1791 was the date of the Act—Lieutenant Governor John Graves Simcoe declared to members of the provincial parliament assembled before him, "I have summoned you together under the authority of an Act of Parliament of Great Britain passed in the last year, which has established the British Constitution and all the forms which secure and maintain it in this distant country". Following the Speech, the 16 members of the Legislative Assembly met to consider the Speech—just as we are doing—and begin its parliamentary business. Its first meeting, since the physical construction of its "House" was not yet completed, is described by W.C. Croften as being "held under a tree, a large stone serving for the Clerk's Table." From such modest beginnings as this backwoods Parliament evolved Ontario's traditions which despite Simcoe's pronouncements, were never an exact replica of the Westminster model.

While basic British parliamentary principles were adhered to, the specifics of its rules showed many variations. The frontier conditions of the province helped to shape the legislative practices used. Elaborate procedures and multiplicity of questions were not found very appealing to a Parliament often dominated by farmers and shopkeepers who wished to return home as quickly as possible to attend to their own affairs. The liberal values of pioneer society such as detachment from custom and tradition and a *laissez-faire* attitude regarding the role of government, were reflected in the Assembly's simplistic approach to procedure.

• (1550)

Bills and petitions calling for the appropriation of public money did not have to be accompanied by a recommendation from the Crown. There was much change in the Speakership with no fewer than 12 different members occupying the position. Little case law was developed allowing procedure a great deal of freedom from precedent. In the best United Empire Loyalist tradition, Tory members tried to cling to British forms but were not always successful. Jefferson's *Manual*, disguised as Thompson's *Manual*, became the Assembly's chief procedural text book in 1828. The Speaker was not wigged as in Britain. Instead, he wore a cocked hat, just as the Speaker wears in the Senate and in the House of Commons in Canada now. In a manifestation of the liberal value of freedom of religion, the Assembly did away in 1832 with the reading of prayers by the Crown-appointed Anglican clergyman.

Now we go downriver to Quebec. Quebec also traces its parliamentary origins from the passage of this act. The legislature of Lower Canada first met on December 17, 1792, just nine days before the anniversary. It met in a seventeenth-century church known as La Chapelle du Palais episcopal in Quebec City. After a Speaker had been chosen and the Speech from the Throne heard and reported, the Assembly received a message from the Lieutenant Governor recommending that the house "establish a quorum and other standing orders, whether the quorum should be by law or fixed upon a Standing Order of the House". The rules which were eventually reported and agreed to form the cornerstone of Canadian parliamentary procedure. Thirty-eight of the present Standing Orders of the Canadian House of Commons, or almost one-quarter of them, since there are at present 159 Standing Orders, can trace their origin and wording directly to the rules adopted in Lower Canada in that first session of the first legislature.

Many of the colony's francophone leaders praised the Constitutional Act of 1791. Professor Ajzenstat claims that one of the early leaders of the house, Pierre Bédard, found in the 1791 act a sound constitution which he described as a "rare treasure". Professor Ajzenstat writes:

> Pierre Bédard, by all accounts the best student of constitutional law in the colonies during this early period, described the constitution of 1791 in terms as laudatory as any used by Pitt and Fox. It was a "rare treasure" he said, a form of government that would bring the inhabitants of the province freedom of a kind they had never known before.

> No one was more aware of the difficulties of the new regime than Bédard. As leader of the majority party in the Assembly, a party consisting mainly of French Canadians, he was constantly at war with the "English" in the Executive and Legislative Councils. Nevertheless he did not believe that war between the branches of government was what the British had intended with the 1791 Act. His study of British constitutional authorities—among them Charles James Fox and Edmund Burke—satisfied him that the legislators of 1791 had intended the colonies to follow the British parliamentary practice of appointing to the political executive men who could command a majority vote on money bills in the lower house. There should have been no quarrel between the executive and the lower house because the Governors should have had to appoint Executive Councillors sympathetic to the Assembly. The whole difficulty in Lower Canada, Bédard decided, had come about because the Governors had been allowed to spend British money on provincial affairs. They could pay their Executive Councillors with British funds, ignoring the Assembly.

The assembly not having to raise the money, the appointment could take place without their approval. Senators will forgive me if I say that it looks as if the London end run that we claim was used last September has very long and deep roots. To continue:

> Bédard remained convinced that there was no flaw in the Constitution Act of 1791.

It was still, to him, a rare treasure. Professor Ajzenstat continues:

> The prescription had been magnificent; only corrupt practice had destroyed it.

History has generally not been kind to this rare treasure, the Constitutional Act of 1791. Many have seen it as very inappropriate to the egalitarian nature of North American life. The act provided for an appointed legislative council, membership in which could be inherited by the sons of councillors—in effect, a replica of the aristocratic British House of Lords. It never worked. Accountability mechanisms of the executive to the elected lower house were not provided for and the two colonies were denied responsible government. Solutions to the two major problems of Lower and Upper Canada in the pre-1840 era could not be worked out, those two being the clash between an elected assembly and an unaccountable executive, and the racial animosity between English and French. I raise a caveat about that word "racial." I never liked the use of the word "race" in the mandate, as it originally was, of the B and B Commission. It was two founding "races" which was changes to the two founding "peoples". I think "peoples" would be a better word here too.

A new constitutional arrangement was sought by which it was hoped these problems could be better dealt, with and thus was born the Union Act of 1840. It would appear that those constitutional arrangements also fared badly by history as it was supplemented by the British North America Act of 1867.

[Senator Frith.]

So senators can see that from 1791—some nine years to the turn of the century—for some 50 years we had the Constitutional Act, changed by the Union Act of 1840; but that lasted for only 27 years.

We are all well aware of the criticisms of that act—that is, the Union Act of 1840. Canada, as a country, with two founding peoples, Aboriginal peoples, and vast regions each with their own particular histories and development, is still seeking to find an acceptable constitutional arrangement.

Speaking for myself, I suggest that perhaps we should not be so hard on the Constitution Act of 1791. Today we are again confronted with a situation in which recent constitutional acts, drafted in expectation of an improved democracy and expanded individual rights, appears to be generating instead increased political attention and strife. It is perhaps appropriate to look in more depth at the Constitutional Act, 1791, and to try to understand where the high ideals surrounding its drafting went wrong.

• (1600)

It is perhaps appropriate to look in more detail at the Constitutional Act, 1791 to try to understand where the high ideals surrounding its drafting went wrong. To turn again to Mr. Bédard's theme or keynote, where did the "rare treasure" go wrong? The British hoped that the 1791 Constitution would lead to stability and good government, presenting an exemplary counterpoint to the United States with its ineffective central government and its formless democracy. Remember that the American constitution began with, and still maintains, the black letter law that places most of the authority with the states. Through the evolution of judicial interpretation, the central government in the United States is now considered to be much stronger than the state governments. The states, for example, in the American constitution have the residual power. In our Constitution of 1867, for example, the specific powers are given to the provinces but the residual power—that is, all the rest or anything not provided for—is given to the federal government.

Honourable senators are probably aware of the argument or thesis that, particularly the 1930s interpretation of the Canadian constitution by the Privy Council in London, resulted in a complete turnabout, and power was shifted from the federal government, over a long period of interpretation, to the provinces. If honourable senators are interested in the subject, it is very well set out, with clear references to all the cases that are the basis for this argument, in O'Connor's report to the Senate. I think it is the best. I remember that it was the "Bible" when I studied constitutional law under Professor—as he then was—Bora Laskin. It is well-known among constitutional lawyers as the "O'Connor Report". Mr. O'Connor was legislative counsel to the Senate and his report was, in fact, a report to the Canadian Senate.

Hon. Paul David: Do you remember what year that report was presented?

Senator Frith: It would be the late 1930S. It would have to be, because I started law school in 1942, and it was still a

pretty fresh document at that time. So it would be the late 1930s or early 1940s.

I ask you to pardon that digression, honourable senators. We were looking at an attempt to understand where the high ideals of the Constitution Act, 1791 went wrong. I mentioned that the British had hoped that the 1791 Constitution would lead to stability and good government, "presenting an exemplary counterpoint to the United States with its ineffective central government and its formless democracy." I had thought that some of you might have wondered what I meant by an ineffective government. Constitutionally at that time, in the late eighteenth century, it was an ineffective central government. As Lord Grenville summed up British policy:

> . . . the general object . . . is to assimilate the constitution of [the Canadas] to that of Great Britain as nearly as the differences arising from the manners of the People and from the present situation of that Province will admit.

Instead, the 1791 Constitution lead to 40 years of bitter political divisions culminating in armed rebellions in both Canadas, as we know, in 1837. It simply did not work. A fundamental problem was that the 1791 Constitution provided no encouragement for a working relationship to develop between the executive or the governor and executive council, on the one hand, and the elected assembly on the other; a problem that, I suppose, bedevils all parliamentary democracies because of the tension between the objectives and the exercise of power by the executive and the wish and will of Parliament to act as a check or balance on that executive power. Certainly, it is one that I believe still bedevils us. Links between "His Majesty's government" and Parliament that had gradually evolved in Britain did not exist in the two Canadian provinces. As Lord Durham succinctly summarized the situation in his 1839 report, "the natural state of government in all these Colonies is that of collision between the executive and the representative body." Notice he states, "the natural state of government." It would be interesting to consider what he meant by "natural" and what we might mean by "natural."

In 1850, Lord Elgin, 3 years into his governorship, also attempted a detached and historical assessment of the 1791 Constitution to understand why it had been so trouble-prone and why it had created such unstable political conditions, leading, as I mentioned a moment ago, to armed rebellion in both of the Canadas that were covered by that constitution. He too concluded that the Canadian system, like the one in the 13 colonies, had reverted to the executive and legislature operating in two distinct, antagonistic spheres. Certainly, that is a good description of the American system, where the President is elected by the country at large, appoints his cabinet and then has to struggle with Congress to achieve his executive or government objectives.

For example—many of you may already know this, and I suppose if I had thought about it I would have realized it, too—but a couple of years ago I went down to Washington to study the American committee system. I was overwhelmed by the power of the committees in the U.S. Congress. I remember a comment by one of the committee chairmen when I had asked about bills and the fact that the government had to appear before all of these committees in order to persuade Congress to accept them. In many ways it is separate from party lines because the President of the United States cannot be sure how Republicans will behave, especially in the House of Representatives.

In any event, I was asking about how the government deals with Congress and the committees. This chairman of one of the committees replied that they have to come to the committee. He went on to say, "Yes, they are just like any other lobbyists. They have to come here to us and persuade us." I asked, "If cabinet members are not in the legislative branch, how do they present their bills?" He said, "They have to persuade us to do that, too, and they have to find somebody to sponsor a bill for them." Of course, members of the cabinet do not present the bill to the legislative branch because no member of the cabinet sits in the legislative branch.

So as I was saying, Lord Elgin concluded that the Canadian system, like the one in the 13 colonies, had reverted to where the executive and the legislatures were operating in two distinct and antagonistic spheres. Perhaps we should ask ourselves whether a similar system does not exist today. It certainly existed in 1987 when 11 first ministers devised the Meech Lake Accord in an extreme example of executive federalism. It would be comforting to be certain that the problem was past, that the executive and the legislative branches will now work closely and productively to resolve our present constitutional dilemma. Perhaps the government will truly listen to the voice of Parliament this time and perhaps the new constitutional committee that has been set up, or is about to be set up—I am not referring to the committee on the amendments to the constitution. Is there a name for it?

Senator Doody: It is not set up yet.

Senator Frith: It is not set up.

• (1610)

Perhaps the new constitutional committee that will be set up—or that we have been promised will be set up—will be given an independent mandate to reflect the voice of the legislature and not the will of the government. I am not suggesting that the will of the government or the will of the legislature must prevail over the will of the government, or that the will of the government must prevail over the will of the legislature, but it would be very desirable and comforting to think that, as we enter this stage, the committee would receive an independent mandate to enable it to stand up and say what it thinks should take place with regard to constitutional rearrangements.

As we celebrate the 200th anniversary of the Constitutional Act, 1791, we should be vigilant in ensuring that the executive listens to the legislature, and listens honestly. I state "any executive"; I am not preaching against the current government exclusively. I hope that any government will listen to the legislature, and listen honestly.

An unaccountable executive was largely responsible for the failure of the Constitutional Act, 1791, and an unaccountable

executive could still cause the failure of constitutional reform today.

I now want to turn to the second aspect of my inquiry, namely, to call to the attention of the Senate the advisability of making a request to the British Government that the record copy of the Constitutional Act, 1791 should be permanently in the keeping of Canada.

There is a precedent for such a request. In 1990 a bill was presented to, and passed by, the British Parliament to exclude a copy of the Commonwealth of Australia Constitution Act 1900 from the public records, to which the Public Records Act of 1958 applies. The bill was drawn up in response to the request made by the Government of the Commonwealth of Australia, which asked that the act which brought Australia into being as an independent nation and which had been on loan in Australia since 1988, permanently remain there.

There are two original copies of all acts passed by the Parliament of the United Kingdom. One is held in the records office of the House of Lords as the official record of parliamentary proceedings—as is done here. The other is the Public Record Office copy. An act of the British Parliament would be necessary if our request to return the Constitutional Act to Canada is agreed to, since the provisions of the Public Records Act of 1958 do not allow for gifts or permanent loans of records to be made. The bill introduced into the British Parliament simply stated that "the copy of the Commonwealth of Australia Constitution Act 1900, which at the passing of the Act is on loan to the Commonwealth of Australia, shall cease to be included in the public records to which the Public Records Act 1958 applies".

The British Lord Chancellor is responsible for the supervision and care of the nation's public records under the provisions of the Public Records Act. On second reading of the Australian (Public Record Copy) Bill in the House of Lords, he—that is the Lord Chancellor—noted, quite properly, the importance of the public records—a complete and unique collection—to the heritage of the United Kingdom. However—and I am referring to the Lord Chancellor still in Britain—speaking in favour of exempting the Australian Constitution, he added the arguments on the other side:

> The effect of this short Bill will be to make possible a gesture which means a great deal to the people and Commonwealth of Australia, a nation with close and long-lasting legislative and constitutional links with our Parliament . . . The gift of a copy of the Act is a symbol of the history, heritage and traditions which we share and of our friendship.

I do not think, honourable senators, that anyone would deny that those words could—and, I recommend or urge—should apply equally to Canada.

Honourable senators, the Constitutional Act, 1791 belongs in Canada, not in the United Kingdom. It is important to our history. I hope that, at least to some extent, I have persuaded you that it holds much meaning for us. Like the Australians, we, too, should ask that this important document be returned to us. We should put it on permanent display here in the Senate foyer for all Canadians to see. It is, after all, the first constitutional document setting up representative government in British North America, or the northern half of North America.

Our Clerk is entrusted with the safekeeping of all acts of Parliament and those of the United Provinces of Upper and Lower Canada. I say: Let him be entrusted with the safekeeping of this one as well. If you agree, or encourage me, I will move in due course a motion to that effect if I feel that it will attract the support of members of the Senate.

Some Hon. Senators: Hear, hear!

[Translation]

Hon. Paul David: Senator Frith, may I ask you why, supposing the document were transferred to Canada, you would have it tabled in the Senate, rather than in the House of Commons or between the two, in the entrance hall of Parliament? Is there any special reason to favour the Senate?

Senator Frith: Honourable senators, as I said earlier, it is because the Clerk of the Senate, as the Clerk of Parliament, is officially the guardian of this kind of document.

As for your geographical suggestions, I said that the document could be tabled on the floor of the Senate, but I am quite amenable to the idea of perhaps placing it between the two chambers. So to answer your question, it is a corollary of the fact that he is the Clerk of Parliament, but we can put the document in front of the Library of Parliament, for instance.

There are four other steps which are very important: First, if you agree with my suggestion, we will have to move a motion or a resolution in the Senate; second, a bill has to be passed in London; third, the document is returned to Canada, and fourth, the document is put in place.

[English]

Hon. John B. Stewart: Honourable senators, I wonder if Senator Frith has concluded what I might call his constitutional imperialism. If he is to ask for the Constitution Act, 1791, would he not also consider asking for the Union Act of 1840 and, indeed, the British North America Act of 1867? We then would have the complete necklace or rosary, as it were, of central Canadian constitutional development. Or does he propose this simply as a slender edge of the wedge for his requests, thinking that perhaps if we ask for too much the English might say, "Go away back to the forests of North America".

● (1620)

Senator Frith: First, I do not want to renounce forever my constitutional imperialism by saying that I am through it. However, I am proposing the return of the Constitutional Act, 1791, pretty well for the reasons suggested by Senator Stewart. Everyone will know that I am the most conservative of senators and a great exponent of gradualism.

I believe that we should start with the Constitutional Act, 1791. I would not like to think it is the thinnest of wedges, but the metaphor is not totally inappropriate.

Hon. Paul David: Is Westminster also responsible for the Quebec Act, the original version of 1774?

Senator Frith: I would think all three of them.

Senator David: We should start there, then.

Senator Doody: Add that to the shopping list.

Senator Frith: You understand that there is a certain—I am tempted, and will give into the temptation to say "dramatic" or "theatrical" value to the fact that it is now 200 years. Perhaps we could add these others on and, in the year 2040, ask for the Act of Union. We should not wait that long, but I am tying it all to the Constitutional Act, 1791 because of the fact that this year is the two hundredth anniversary. Anything that flows from that, and leads to our getting back into Canada other Canadian constitutional documents I certainly would not resist.

Hon. Duff Roblin: Honourable senators, I am tempted to add a comment to my honourable friend's discourse this afternoon. It was my impression, when I read the resolution, that he would use this anniversary as a good reason for giving us a very interesting account of some of our past constitutional history. I must say that I am grateful to him for that.

Senator Frith: Here comes the but!

Senator Roblin: I do think, however, that his exposition of the connection between the executive and the legislature in modern day Canada left me somewhat puzzled. I have been under the impression, ever since I came to Parliament some few years ago, that, under the Canadian Constitution the executive was responsible to the legislature and that if the legislature did not maintain the executive in its policies, the executive's policies would go and, indeed, so would the executive. So the parallel my friend is stretching to make between the American system and ours, and our present constitutional discontent, requires a little examination.

I would take the view that, whatever else is wrong with our system today—and there are a good many ways in which it could be properly improved—I do believe that the responsibility of the executive to the legislative body is clear, undisputed, and a part of our Constitution. To the extent that Senator Frith casts some doubt upon that constitutional relationship, I raise my eyebrows, but that does not detract in any way from a very interesting discourse.

It prompts me, as a Manitoban, to wonder whether I should not ask my legislature to seek the return of the Manitoba Act of July 15, 1870 which created my province and established its legislature and enabled people like to me to run for office.

I wonder where this particular line of logic leads us. I agree with my friend here that if one to talk of Canadian constitutional documents that had their origin in the United Kingdom, the Quebec Act is the one that is fundamental to the whole process, regardless of the fact that it is more than 200 years old and certainly, in any logical examination of the question, ought to be included in the request that we should make. Although I hasten to say that I do not think this chamber should support such a request because the consequences might lead us I know not where.

If every legislative body that had a relationship with another one, either in terms of time or seniority, were to make the same requests, all the archives would be stripped bare. Perhaps that is a bit of an exaggeration, but there would be a good many original documents that had left their native hearth, having gone to other places where perhaps they are at home or perhaps they are not at home. Judging from what my friend says about the Constitutional Act, 1791, I am not sure that that particular document would fit particularly well into our constitutional views these days, although its historical position is unquestioned and its succession in the constitutional legislation of Canada is, of course, also unquestioned and is indeed important.

I simply say to my friend that I thought he made a very interesting speech. I do not want to follow him all the way, but so far as I could go, I applaud him.

Senator Frith: Honourable senators, I cannot add much more on the time question. I agree that it is possible that any request for the return of the Constitutional Act, 1791 could lead to requests for all of these documents to be returned. As I said to Senator David, my only basis for singling out the Constitutional Act, 1791 is the fact that this year happens to be the two hundredth anniversary, so it gives us a springboard, an excuse for doing it.

If honourable senators do not feel that it is appropriate, because of the fact that it would mean that everyone, colleagues of Senator Roblin's and others, would say, "What about my act? I want it back, too", then I agree that it perhaps will not fly. I am grateful for Senator Roblin's intervention because I was testing to see whether this move could get support. Obviously, it is not the kind of thing we will have to a vote on. We are all agreed that it would be a good idea—or at least we do not disagree with it.

On the other question about responsible government, certainly constitutionally the executive is still responsible to the legislature. I did not want to open that up, because I do not want to make a linkage between the fact that I made this intervention today and the fact that we are also debating rule changes. So let me leave the Senate out of it for the moment, because the executive is not responsible to the Senate, anyway, in the sense that Senator Roblin and I were using the phrase.

I believe that the changes over the years by succeeding governments in the House of Commons to the House of Commons rules has made the executive less and less responsible to the legislature.

Senator Roblin: It is not the rules; it is the party system.

Senator Frith: This is my opinion. If Senator Roblin were giving the opposite opinion, I would be sitting shaking my head also. I do not offer this as anything but my own opinion. However, my opinion is that the changes to the rules over the years in the other place—and that is all we need to talk about as far as responsible government is concerned—have made the executive less and less responsible to the House of Commons

when matters such as time allocation and closure are coupled with a majority government and a system of party discipline. This applies to all parties, not simply to this one.

Any government in Canada, any Prime Minister in Canada who has a majority in the House of Commons is, in my view, not genuinely responsible, except in four or five year intervals, to the legislature. Because that Prime Minister of whatever party controls the cabinet, to which he or she makes all the appointments and does all the firing, and because of the fact that party discipline for whichever party applies, when that discipline is applied in a majority situation, it reduces that responsibility. Therefore, to bring it back to the actual words of my intervention, that situation makes it less important for the executive to listen to the legislative branch.

• (1630)

Senator Roblin: Honourable senators, I am trespassing on the good nature of the Senate, and probably breaking one of the few rules we have at the present time.

However, my friend's second intervention prompts me to make an added comment. I agree with much of what the honourable senator has said. It seems to me that one of the areas in which we should look for a solution to his dilemma is not so much the rules but the tradition of party discipline which we have in this country.

If we look at the United Kingdom, although its Parliament is by no means perfect, we see that there is much greater freedom of private members to exercise their judgment, independent of the cabinet, to present motions to the house or to circulate expressions of opinion that may not coincide with what the cabinet has been speaking about but which definitely have salutary effects on persuading the executive to listen more carefully to the Parliament, as my friend advocates.

It seems to me that this is the point on which I would like to zero in. It is the question of party solidarity, party discipline and establishing a new tradition in this country that only the very major items such as the Budget, the Speech from the Throne and matters that are expressly designated as matters of confidence are matters on which the government should be inclined either to hide its head, to speak or, indeed, to leave office. Many of the other statutes and acts that are put before us, either in this place or in the other, are not matters of that character.

If we could establish a tradition whereby private members could exercise more influence in the formulation, or perhaps in the shaping, of those bills as they come through, then it would do us a lot of good. That is the point I would like to emphasize as being the area where we need to do something about the way in which our institutions work.

Senator Frith: Honourable senators, it is clear that Senator Roblin's intervention is very logical. I agree with him. As I mentioned, one of the important elements to be considered is the combination of control of cabinet, a majority in the House of Commons and party discipline. If I put the party discipline last, it is not because I consider it an unimportant factor. I agree with the honourable senator that it is an important factor.

Concerning the changes in the rules, when discipline is coupled with such changes, that causes this lesser need to listen to the legislature. Of course, Senator Roblin will know because we have discussed this matter on other occasions that that is one of the reasons that I propose an elected Senate on a proportional representation basis. It is not because I am crazy about the system of proportional representation, but because it always seems to produce a minority. Therefore, it breaks down the party system and control, and results in the government not controlling the Senate.

I think that perhaps the government would not be responsible to the Senate, but that the Senate would have control over the legislation. That is to say, it would have its present veto. If that were to happen, instead of party coalitions, as Senator Roblin has said, except perhaps on certain matters, we would see coalitions arranged on regional bases, or on topical bases. In such a Senate, in my opinion, it would not be at all unusual for Senator Roblin, Senator Doody, and, if you can imagine, perhaps even Senator Phillips and myself, to vote together because of the fact that we would be coming together on an issue rather than on a straight party line. Certainly, western senators might also come together in such a way, depending on the legislation.

Without putting too fine a point on it, and without crossing every "t" and dotting every "i", substantially, Senator Roblin and I agree.

The Hon. the Speaker: If no other senator wishes to speak, this inquiry is considered as having been debated.

GRASSE, FRANCE

COMMEMORATION OF LIBERATION OF SOUTHERN FRANCE—INQUIRY STANDS

On the inquiry of Senator Waters:

> That he will call the attention of the Senate to the commemoration on the 24 August, 1991 in Grasse, France of the liberation of Southern France-Canadian First Special Service Force and gallant members of the French resistance.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I understand that Senator Waters was very briefly hospitalized, is now home and is quite tired. He has suffered from some fatigue but is otherwise in good spirits. However, he is certainly not likely to show up suddenly to say, "What happened to my inquiry?"

Inquiry stands.

THE LATE HONOURABLE DAVID A. CROLL, P.C.

ATTENDANCE OF SENATORS AT FUNERAL

Hon. Royce Frith (Deputy Leader of the Opposition): Before we adjourn, I wish to make an observation to correct an

impression that might have been created because of something that was said last Thursday.

When we were discussing the back-to-work legislation and the need for senators attending Senator Croll's funeral to return to Ottawa, I pointed out that the official transportation would be used only by about 11 senators. That may have created the impression that only 10 or 11 of us were to attend Senator Croll's funeral. That was not the case. There was a very good representation from both sides of the house at Senator Croll's funeral, which was a most moving occasion. I can report to those honourable senators who were not there that it was a most fitting tribute to our late colleague.

The Senate adjourned until Tuesday, June 18, 1991, at 2 p.m.

CONTENTS

Monday, June 17, 1991

PAGE

Goods and Services Tax
Presentation of Petitions. Senator Frith 217
Senator Bonnell 217
Senator Simard 217

Veterans Affairs
It's Almost Too Late—Report of the Committee—Presentation of Petitions. Senator Marshall 217

Immigration
Refugee Determination—Landed Immigrant Status—Government Position—Notice of Inquiry. Senator Marshall 217

Veterans Affairs
Prisoners of War Compensation—Implementation of Recommendations—Review of Act—Government Response—Notice of Motion. Senator Marshall 217

Social Affairs, Science and Technology
Notice of Motion to Authorize Committee to Study Veterans Health Care Regulations. Senator Marshall 218

National Finance
Notice of Motion to Authorize Committee to Engage Personnel. Senator Bolduc 218
The Hon. the Speaker 218
Senator Frith 218
Senator Corbin 218

QUESTION PERIOD

National Defence
Contract to Review Headquarters. Senator Molgat 218
Senator Murray 218

Education
Francophones in Saskatchewan—Implementation of Supreme Court Ruling—Government Position. Senator Molgat 219
Senator Murray 219

Delayed Answers to Oral Questions
Senator Doody 219

PAGE

New Brunswick
Effects of Economic Crisis in Border Areas. Question by Senator Simard. Senator Doody (Delayed answer) 219

Goods and Services Tax
Coalition Against All Taxes on Books—Request for Meeting with Prime Minister. Senator Doody 220

Airport Transfer (Miscellaneous Matters) Bill C-15
Second Reading—Debate Continued. Senator Frith 220

Crown Corporations Dissolution or Transfer Authorization Bill C-8
Second Reading—Debate Continued. Senator Molgat 222
Senator Doody 223

Standing Rules and Orders
Consideration of First Report of Committee—Debate Continued. Senator Frith 223
Senator Doyle 223

Committee of Selection
Third Report Adopted. Senator Doody 225

The Estimates, 1991-92
Report of National Finance Committee on Supplementary Estimates (A) Adopted. Senator Bolduc 225

Social Affairs, Science and Technology
Twenty-Fifth Report of Committee—Debate Continued. Senator Marshall 225

Constitutional Act, 1791
Senator Frith 229
Senator Stewart 230
Senaor David 232
Senator Stewart 234
Senator Roblin 235
The Hon. the Speaker 236

Grasse, France
Commemoration of Liberation of Southern France—Inquiry Status. Senator Frith 236

The Late Honourable David A. Croll, P.C.
Attendance of Senators at Funeral. Senator Frith 236

THE SENATE

Tuesday, June 18, 1991

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

Prayers.

GOODS AND SERVICES TAX

PRESENTATION OF PETITION

Hon. Jacques Hébert: Honourable senators, I have the honour to present a petition signed by 162 citizens from the Province of Ontario who are against the goods and services tax.

The petitioners are principally from Rexdale, Glen Robertson, Gloucester, Manotick and Athens.

[*Translation*]

INTERNATIONAL ASSEMBLY OF FRENCH-SPEAKING PARLIAMENTARIANS

REPORT OF CANADIAN SECTION TABLED

Hon. Jacques Hébert: Honourable senators, I have the honour to present, in both official languages, the report of the Canadian section of the International Assembly of French-speaking Parliamentarians, who took part in the association's regional mission at Port-au-Prince, in Haiti, from May 9th to May 12th.

[*English*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have some petitions to present today. They are from the Province of Quebec and are worded in the same way as those that I have presented in recent days. They are against the GST and they ask that an election be held to remedy, as I have said, other iniquities of this government.

The petitions are from Lawrenceville, St. Valère, Arthabaska, Roxton Falls, Montreal, Lachine and Laval, Quebec. The total number of names on the petitions is 61.

I also have one petition from Manitoba. It is addressed to me, but, in light of the fact that Senator Molgat and I share a common entrance to our offices, perhaps it was intended for him. In any event, it was addressed to me. All the names on the petition are from Winnipeg. The total number of names is 21.

We end up with three petitions from Quebec, one from Manitoba, for a total of four. There are 61 names from Quebec and 21 from Manitoba, for a total of 82 names.

LEGAL AND CONSTITUTIONAL AFFAIRS

FIRST REPORT OF COMMITTEE TABLED

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, tabled the committee's report concerning the expenses incurred by the committee during the second session of the Thirty-Fourth Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

SECOND REPORT OF COMMITTEE PRESENTED

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Tuesday, June 18, 1991

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Bill S-3, An Act to amend the Act of incorporation of the Seventh-day Adventist Church in Canada, has in obedience to the Order of Reference of Thursday, May 30, 1991, examined the said Bill and now reports the same with the following amendment:

Clause 3, Page 2

That clause 3 of Bill S-3 be amended by striking out lines 32 and 33 on page 2 and substituting the following:

"by-laws, *a* general meeting of the Corporation shall, *notwithstanding section 158 of the Canada Corporations Act*, be held at least once every six years and"

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

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

THIRD REPORT OF COMMITTEE PRESENTED

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Tuesday, June 18, 1991

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRD REPORT

Your Committee, to which was referred the Bill S-4 An Act to amend the Act of incorporation of the University of Emmanuel College, has in obedience to the Order of Reference of Thursday, May 30, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Buckwold, report placed on the Orders of the Day for third reading at the next sitting of the Senate.

THE ESTIMATES, 1991-92

SECOND REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Roch Bolduc: Honourable senators, I have the honour to present the second report of the Standing Senate Committee on National Finance.

I ask that this report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For the text of report see appendix, p. 256*)

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

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

• (1410)

INDIAN AFFAIRS

KANESATAKE, KAHNAWAKE—EVENTS OF SUMMER, 1990—NOTICE OF INQUIRY

Hon. Richard J. Stanbury: Honourable senators, I give notice that on Thursday next, June 20, 1991, I will call the attention of the Senate to the need for the Government of Canada to constitute an independent judicial inquiry that will be both public and comprehensive, into the events at Kanesatake and Kahnawake during the summer of 1990.

VETERANS AFFAIRS

STRIKING OF CANADIAN VOLUNTEER KOREAN SERVICE MEDAL—REQUEST FOR GOVERNMENT TO ALLOW KOREAN VETERANS TO APPLY FOR WAR VETERANS' ALLOWANCE—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, June 20, 1991, I will move:

THAT this Chamber commends the Government of Canada in fulfilling a commitment to the Korean veterans of Canada through a petition signed by a majority of the members of the Senate and the House of Commons and further strengthened by the signature of the Prime Minister of Canada calling on the Government to recognize the sacrifices of the Canadian veterans who served in the Korean conflict by striking a Canadian Volunteer Korean Service Medal;

That this Chamber remind the Government of Canada that they have not as yet fulfilled another commitment made and signed by the Prime Minister of Canada on August 7, 1984, that assured that one of the priorities of a Conservative government would be to make Canadian veterans and/or their dependents living outside of Canada eligible to apply for War Veterans' Allowances if by reason of health, financial or other mitigating circumstances they are unable to return to Canada; and

That the government be asked to respond within thirty days.

BUSINESS OF THE SENATE

ADJOURNMENT—NOTICE OF MOTION

Hon. C. William Doody (Deputy Leader of the Government): Before we go to Question Period there is a matter of Senate business that I should like to discuss with honourable senators concerning the tabling of the report of the Joint Committee on the Constitution.

As honourable senators may be aware, it is the intention of that committee to table its report in the House of Commons on Thursday morning at 10 o'clock. A press conference has been called for 11 o'clock that morning. The Senate would not ordinarily be sitting until 2 o'clock that afternoon. However, it would be helpful if we also could table that report in the Senate at 10 o'clock that morning to give Senator Beaudoin the opportunity to present his explanatory remarks then, rather than at 2 o'clock that afternoon. In other words, senators would be acquainted with the contents of the report at the same time as the members of the House of Commons rather than several hours later, after the general public had received the information.

If honourable senators are agreeable, I will give notice of a motion that I will ask the Senate to sit at 10 o'clock on Thursday morning for that purpose. I do not think at this point I want to go further than that. I do not want to suggest that we continue on Thursday morning with business because the legislative flow from the other place is far too uncertain for me

to make that request with any assurance that it will speed up the progress of the work of the Senate.

If honourable senators are in agreement, I give notice now that I will move a motion tomorrow that the Senate sit on Thursday morning at 10 o'clock for the purpose I have outlined.

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

Hon. Senators: Agreed.

QUESTION PERIOD

AGRICULTURE

DUTY ON EXPORT OF CANADIAN BEANS INTO UNITED STATES—DUTY-FREE IMPORTATION OF AMERICAN WHEAT—GOVERNMENT POLICY

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in the Senate. Fairly recently it was decided that the subsidy to Canadian wheat growers was at such a level that United States wheat could flow into Canada without hindrance, much to the distress of a number of Canadian wheat producers, although at this time it is impossible to see exactly what will be the effect. In any case, American wheat now flows into Canada unhindered under the Free Trade Agreement; however, we find that certain Canadian agricultural products do not flow the other way with the same ease.

I have been advised by producers of white navy beans in my province who have been trucking some of their product into the United States that they are forced to pay one cent a pound duty as they cross the border. If we consider that the value of the product delivered to the American position—in this case Walhalla, North Dakota—is something in the order of 17 cents U.S. a pound, a one cent duty is indeed a substantial duty. Why is it that wheat can now flow into Canada from the U.S. duty free without any encumbrance, yet here is a Canadian product going the other way on which duty is being charged?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I regret that I am not in a position to reply to that question today. I shall consult with my colleagues, the Minister of Agriculture and Minister for International Trade, and bring in a reply soon.

FOREIGN AFFAIRS

SOUTH AFRICA—REMOVAL OF CANADIAN SANCTIONS—GOVERNMENT POLICY

Hon. M. Lorne Bonnell: Honourable senators, I wonder if the Leader of the Government could tell us whether, because of the great changes taking place in South Africa in which Apartheid has been more or less done away with by the passage of new laws' we will be removing our sanctions on that country?

[Senator Doody.]

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have no announcement to make on that matter today but I shall ask my colleague, the Secretary of State for External Affairs, whether there is any further information she wishes to impart to the Senate on that matter.

Senator Bonnell: Honourable senators, I have a further question. I understand that the Honourable Barbara McDougall has said that this change would lead to the removal of sanctions by Canada. Is there any truth to that statement?

Senator Murray: Honourable senators, I shall ask her.

THE BUDGET, 1991

CUTS TO GRANTS AND CONTRIBUTIONS—COMPOSITION OF REVIEW COMMITTEE—REQUEST FOR ANSWER

Hon. Lorna Marsden: Honourable senators, on March 7, and again on April 9, I asked the Leader of the Government if he had any information regarding the committee established under the chairmanship of the Honourable Harvie Andre concerning cuts in grants and contributions of the federal government. I wonder if the government leader has any further information.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am afraid I do not have any information today, but I shall try to obtain a reply to that question in the course of the present week.

Senator Marsden: Honourable senators, I would be grateful for such a reply because on April 9 the Leader of the Government said he would have information about the matter right away. As most people know, the National Action Committee on the Status of Women tried to meet with the government yesterday, and that would have been one of the questions. There was no meeting and there was no information. If we could get it this week, it would be very helpful.

Senator Murray: Honourable senators, I think the short answer to the question, if I may attempt the short answer, is that there was an objective stated in the budget to find a certain amount of money—I do not recall the exact amount now—in the general area of grants and contributions across all the departments and agencies of government. Mr. Andre went about his work with other ministers and my information is that the money was found and that the reductions—and, again, I cannot remember the global amount, but my friend probably does—were absorbed across the government in its various departments and agencies. I will confirm that with my colleague and perhaps bring a more precise answer to the question tomorrow or the next day.

Senator Marsden: Honourable senators, that would be very helpful. I have been trying to track this issue and this is the first time I have heard that solution suggested.

Senator Murray: I think that campaign was a success.

• (1420)

NATIONAL FINANCE

CLOSURE OF BASES—FINANCIAL AID TO COMMUNITIES—GOVERNMENT POSITION

Hon. Lorne M. Bonnell: Honourable senators, I understand that the Honourable Mr. Masse has stated that the five bases that are going to close in Canada, plus two in Germany, will receive financial aid to help those communities after the bases have been closed.

Can the Leader of the Government in the Senate tell us if that policy will revert back to places such as Summerside and if the town of Summerside will also receive financial support because it lost its base?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there are a number of assumptions in that question, none of which is valid. No decision has been made to close five bases or any number of bases in Canada or anywhere else since the budget of several years ago.

We will be considering defence policy in the normal course of events and if, in consequence, there are decisions to be taken and announcements to be made in respect of specific bases, then those decisions will be taken and those announcements will be made in due course.

However, I repeat that no such decisions have been made as we speak.

Senator Bonnell: Honourable senators, I understand that Shilo, Manitoba, is one of those bases, but there has been some talk in the inner cabinet that it might not be Shilo, because the Conservative member of Parliament in that area offered to resign if that happened. Consequently, the decision is not being made until perhaps Thursday of this week. The inner cabinet has to decide on which other base might go instead of Shilo so that they can keep that Conservative seat.

Could the Leader of the Government in the Senate confirm that as a fact?

Senator Murray: Honourable senators, my friend should not confuse the gossip columns of the tabloid press with the records of cabinet discussions.

Hon. Royce Frith (Deputy Leader of the Opposition): Can he identify which of the tabloid press?

Senator Bonnell: It is the *Toronto Star* that is meant by the "tabloid press". Perhaps some of those inner cabinet meetings are nothing better than gossip columns.

However, if that policy takes place and those defence bases are closed, will Summerside be considered for financial support, as these other communities will be?

Senator Murray: Honourable senators, again there are assumptions, first, that bases are going to be closed and, second, that a new program is going to be introduced to provide financial assistance to communities, as the honourable senator said. Neither of those assumptions is valid.

As I told the honourable senator, we will be considering what changes ought to be made in Canada's defence policy in light of changing geopolitical circumstances, and if, as a consequence of that review, decisions have to be taken with regard to specific bases here or abroad, those decisions and the announcements will be made in due course. My friend should not jump to conclusions in the meantime.

Senator Bonnell: Then will the minister confirm that Shilo will not be closed? In that manner, we can take the pressure off and support Manitoba, because that part of the province certainly needs that base.

Senator Murray: Honourable senators, I can confirm that no decision has been taken to close any base.

Senator Bonnell: Does Mr. Masse have extra pressure put on him because of Shilo? Has there been some concern put on the government and the minister concerning Shilo being closed, and is there a lot of pressure not to close Shilo?

Senator Murray: Honourable senators, I can confirm that there is a lot of pressure not to close anything.

Senator Bonnell: Well, does the government react to pressure?

If the government is considering closing this base in Manitoba, and if financial support is to go to Shilo, will that support come later on to Summerside? Summerside closed the other day; they all wiped away their tears, the planes flew away and the last of the emergency measures people left Summerside.

Will Summerside be able to get the same financial support as these other bases?

Senator Murray: Honourable senators, again, I cannot answer hypothetical questions, but I do remind the honourable senator that very considerable efforts were made by the government to ensure, through its own offices and through the private sector, offsets to the loss of employment caused by the closure of the Summerside base. The honourable senator is well aware of that. We worked in close cooperation with the Government of Prince Edward Island, with the Town of Summerside, and with the private sector in Prince Edward Island to create as many offsets as we could. That work is ongoing.

My friend is not unaware of the decision to locate a large GST facility in Summerside. This is a direct outcome of the discussions we had following the decision announced in the 1989 budget to close the military base there.

Senator Bonnell: Honourable senators, I am glad the Leader of the Government mentioned the GST facility because, as a senator on this side, I know of the pressures that were put on me last fall to pass the GST. My Prince Edward Island colleague and the mayor of Summerside also asked me to support passage of the GST because this facility in Prince Edward Island was to be opened immediately. I now understand the opening of this facility has been put off for another year. In fact, there is some talk that this facility will be opened in another province.

It seems to me that all of these promises will be put on hold until just before the next election when the government will again come to Prince Edward Island and promise the causeway, the fixed link, the GST office and maybe even a Litton plant. Is that the reason why the opening of this facility has been put off?

Senator Murray: Honourable senators, I can confirm that the announcement made at the time as to the GST facility and the employment involved stands. I will check that because I recently saw a letter from the Premier of Prince Edward Island concerning a statement that he attributed to one of my cabinet colleagues to the effect that the GST facility would be running at full capacity at a rather later date than had been originally stated. I saw that letter and I will look into the facts and report back to the honourable senator on that matter.

Senator Bonnell: Honourable senators, we are told that the Leader of the Government saw a letter and that the minister involved saw a letter. Perhaps that letter will get lost. I would like to know if copies of that letter were sent out to other ministers so that, if the letter should get lost, at least someone will have a copy.

I would also like to know if there is any possibility of speeding up the opening of this GST office in Summerside so that some of the local people who are now losing their jobs and who maybe thinking of moving away may fit into new jobs in that office.

Senator Murray: I can give my honourable friend the assurance that a GST facility of the size described in the original announcement will be built in Summerside and that my honourable friend will be invited to the official opening.

An Hon. Senator: Hear, hear.

Senator Bonnell: I will be glad to see that. However, I hope my health stands up long enough so that I can be there four or five years from now.

IMMIGRATION

FAST-TRACK TREATMENT FOR APPLICANTS FROM IRAQ— GOVERNMENT POLICY

Hon. M. Lorne Bonnell: Honourable senators, I have read in the newspapers that many more citizens from Iraq are making application to emigrate to Canada and that because of the furore over Mohamed Al-Mashat some of these people will not receive fast-track treatment. Is it also true that many more top officials from Iraq have applied to emigrate to Canada and that they will get the fast-track treatment as did Mohamed Al-Mashat?

• (1430)

Hon. Lowell Murray (Leader of the Government): Honourable senators, the honourable senator is asking a question that is in an extremely sensitive area for the individuals who might be concerned. Nevertheless, I will make inquiries to see what information can properly be released at this time in reply to that question.

CROWN CORPORATIONS DISSOLUTION OR TRANSFER AUTHORIZATION BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Eyton, seconded by the Honourable Senator DeWare, for the second reading of Bill C-8, An Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this particular item was stood on the order paper in anticipation of its being referred to the Standing Senate Committee on Banking, Trade and Commerce. If no other senator wishes to speak on the bill at this time, I would make the necessary motion to refer.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Doody, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

APPROPRIATION BILL NO. 2, 1991-92

ORDER STANDS

On the Order:

Second reading of Bill C-24, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1992.—(*Honourable Senator Phillips*).

Hon. C. William Doody (Deputy Leader of the Government): I should mention, honourable senators, that this particular bill is the Appropriation Bill and it has been the custom in this chamber for the Estimates reports to be received and debated before we look to the Appropriations Bill. So, in anticipation of the consideration of the report of the committee tomorrow, I would ask that this order stand.

Order stands.

[*Translation*]

STANDING RULES AND ORDERS

FIRST REPORT ADPOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Robertson, seconded by the Honourable Senator Barootes, for the adoption of the First Report of the Standing Senate Committee on Standing Rules and Orders (recommendations concerning the *Rules of the Senate*), presented in the Senate on 11th of June, 1991.—(*Honourable Senator Lavoie-Roux*).

Hon. Thérèse Lavoie-Roux: Honourable senators, it is with particular pleasure that I rise to speak in this debate.

The exercise that we embark upon is aimed at more than the renewal of our parliamentary rules. It is also a sign of a firm commitment towards their modernization.

For the real goal of our endeavour is to introduce a series of recommendations that will allow us to update our rules while taking into account the new environment in which our daily activities are carried out.

It appears that the spirit in which our rules were drafted belong to an era when flexibility and consensus offered the possibility of freely interpreting the rules to the sole purpose of disposing quickly of the business at hand. It made it easier to obtain the consensus necessary to dispose of our affairs.

Regrettably, we must admit that the parliamentary heritage of our predecessors has almost entirely been forgotten by some while it has remained completely unknown to others.

However, it is useless to indulge in regrets or to try to put the blame on anyone. We must look to the future.

[*English*]

We have the duty, if not the obligation, to fulfil the mandate bestowed upon us to offer Canadians sober second thought on legislation, and this is the essence of the proposal we are tabling with the First Report of the Standing Senate Committee on Standing Rules and Orders.

[*Translation*]

I mentioned earlier the fact that this initiative was undertaken with an aim to modernization. Though our rules have been modified a few times since their adoption, they have never been submitted to a thorough examination. Clearly, they are not quite adapted to today's Senate, which must on the one hand deal with a considerable increase over the last few years in the number of bills to be studied and on the other, do so in a partisan atmosphere that has slowly developed.

That is why today's context is more than ever favourable to an update of our rules. You will agree with me, honourable senators, that nothing in our proposals is revolutionary or dramatic. They are intended to favour a better debate, a more productive use of our time and, naturally, a more efficient planning of our work.

[*English*]

Allow me to elaborate by explaining a few examples from the report. The proposed rules on time limits on speeches is an appropriate example to illustrate the object of improving the quality of debate in this chamber.

[*Translation*]

If, as we suggested, all speeches in the Senate with the exception of those that are made by the leaders, the movers of bills and senators answering them are limited to 15 minutes, those who will stand up will have no choice but to make sure that they present their point of view clearly and soberly without exceeding the limits of the issue under consideration.

Also, speakers will have to research their subject better.

That will insure a greater participation by senators for, the speeches being shorter, more of our colleagues will be allowed to present their point of view. I must mention that this proposal maintains the rule that a senator may not take part more than once in a debate. I think that would serve only to limit abuses and not the right of expression.

I would also like to mention the rules concerning time allocation as regards the right to democratically express oneself.

If I deal with it in this way, honourable senators, it is in order to dissipate any doubt as to the importance of this measure in our parliamentary process which came about to fulfill the desire for democratic expression.

This measure would provide the Senate with a mecanism by which it could end the debate and come to a decision. Too often in the last years, decisions important for our country have been postponed because of an excessive use of the rules.

I do not think democracy was well served in thoses intances where decisions on many projects concerning our fellow citizens were late coming. I believe that we should instead discharge our responsibility that is, after due consideration of a matter make the results of our deliberations known to the people of Canada within a reasonable period of time. It is exactly what this new instrument will allow us to do, in accordance with our parliamentary practices and procedures. Some will say, of course, that such a tool will limit the freedom of speech and that its use will violate the democratic process.

We must always remember, honourable senators, that this is not such an unusual measure since such means are already available in the House of Commons as well as in other Canadian leigslatures. I want to make it clear for the benefit of the House that it is not so much a question of preventing the debate than limiting it. Indeed, a motion for time allocation will provide for a further six-hours debate.

The rules also provide for the use of this instrument at each stage in the legislative process, while fully respecting our parliamentary tradition.

My last example concerns the role of the Speaker which will be a more active one than it has been so far. I said earlier that the original purpose of the rules had been to reach a consensus without apparent intervention by the Speaker. This uncommon procedure is the subject of an excellent analysis by Professor F.A. Kunz in his book *The Modern Senate of Canada 1925-1963*. Professor Kunz describes this function in terms that refer back to a time when the Senate managed to discipline itself and agree by consensus, in order to deal with the matters before it.

I am sure Professor Kunz did not foresee that the role of the Speaker would have to be changed and that the Speaker would have to take on certain new responsibilities. However, these responsibilities will be limited to applying the rules of procedure, including those on speech limits and maintaining order. In fact, these responsibilities are minor, compared to those generally assumed by the Speaker in other parliaments.

The proposal regarding the responsibilities of the Speaker is merely intended to reflect changes in practice and the present physical environment in the Senate. We acknowledge that this kind of authority has no equivalent in other Canadian legislatures, where the speakers definitely have far greater powers. Out of respect for the traditions of this institution, we did not try to expand these powers by drawing a parallel with other legislatures. In fact, the committee has consistently tried to maintain the best possible balance between traditions of the Senate and the need to adapt the institution to changing circumstances.

In this respect, I must say the committee welcomes the presence of Senator Molson who was probably one of the few members on the committee who experienced these gradual changes in the Senate and was therefore very sensitive to the need to strike a balance between preserving the traditions of the Senate and the need to adjust to today's circumstances.

● (1440)

[*English*]

In conclusion, the Speaker of the Senate would still be able to exercise the same authority that he has under the present rules. Nonetheless, it is essential to allow him the appropriate authority to enforce both the existing and the proposed rules.

[*Translation*]

Honourable senators, precedents exist in all British type parliaments that I know of for the three examples I picked from the set of amendments proposed by the Committee on Standing Rules and Orders. As a 14-year veteran of the Quebec national assembly, where I had the opportunity to sit on both sides of the House, I think I got a pretty good idea of the implications of such rules.

When I first got there, the rules had been in effect for quite some time and provided for a time limit to the members' speeches, a limited number of comments and also specific rules for closure.

These, which are much stricter as regards time allocation than our new rules, are used when the government decides that the key players have been consulted enough and that the opposition has been given enough time to make its point; and therefore the government considers it has just cause. Then only, will the government apply closure, but always reluctantly, knowing that it will have to take the blame if it made the wrong decision. Closure is used, in the end, as an expression of the government's determination to govern and fulfil its responsibilities to the people.

Honourable senators, not only is our proposed initiative essential in the normal context of the periodic review of our rules, but it also a sign that we recognize the need to modernize our practices and procedures. Our goal is to an efficient decision-making process in an environment different from the one our predecessors had contemplated in the early days of this institution. Such is our duty to the people of Canada: to give them an efficient and productive Senate for as long as this institution exists in its present form. I am convinced that all the honourable senators will want to contribute to this review of our rules and procedures.

At a time when parliamentary institutions are often criticized and when their reputation is questioned, I think that we will certainly want, all together, to reassert the value of this parliamentary institution, which is an important one among our democratic institutions.

In concluding, I would simply like to repeat what my colleagues have said before me, namely that nothing is perfect, especially when it comes to rules and procedures. Those rules and procedures will have to stand the test of time. However, nothing should keep us, if they prove not as adequate as we would like them to be, to use the flexibility required to adapt them so that they can make that the Canadian Senate as efficient as possible.

Thank you, honourable senators.

The Hon. Gildas L. Molgat: Would Senator Lavoie-Roux allow me one question?

Senator Lavoie-Roux: Go ahead senator.

Senator Molgat: When she was on the committee, did the honourable senator Lavoie-Roux hear about a long standing tradition, almost a rule, whereby the Committee on Standing Rules and Orders never made any decision, unless both sides were present. The committee would sometimes discuss issues, but if members from both sides were not present, no decision would be made?

Senator Lavoie-Roux: Honourable senators, I believe that is really what the Committee on Standing Rules and Orders would have liked. To my knowledge, all the necessary measures were taken so that we could reach to the decisions that the honourable senator would like to see.

Unfortunately, I believe that with the exception of Senator Olson, the Liberal senators decided not to attend the meetings of the Committee. This decision was aimed at keeping a committee that had been duly set up according to the rules from doing its work.

I think at one point people must take on their responsibilities. I must say I am sorry the opposition decided not to sit on that committee, because they probably would have been able to make some extremely worthwhile recommendations or suggestions. We certainly were deprived of the benefit of their wisdom.

I think our committee was properly established and that relevant information was forwarded to you on many occasion. You were invited to attend. Senator Olson can testify he was well-greeted, as was Senator Molson, who served as an independent senator. But the die was cast when you made your decision!

Senator Molgat: Would Senator Lavoie-Roux entertain a second question?

Senator Lavoie-Roux: Very well, senator.

Senator Molgat: You said we are considering major changes to the Standing Orders. Are you aware that several attempts

were made in the past to change the Senate Standing Orders and those attempts were challenged mostly by senators from her side of the house, in particular by Senator Flynn, who was against any change to our Standing Orders.

Senator Lavoie-Roux: Honourable senators, I must say I do not know of any objections which could have come from some of my Conservative colleagues.

If such is the case, I do not know what their motivation was then. But personally, I think any parliament must throughout the years make some necessary adjustments, and that is what we are trying to do here.

Hon. L. Norbert Thériault: Honourable senators, may I ask Senator Lavoie-Roux a question? I think I heard her say that she studied the rules of other parliaments, including the British Parliament. In your research, did you find another parliament where the speaker is designated by the head of the government, often against the wishes of the majority of MP's or senators? Did you find that elsewhere?

Senator Lavoix-Roux: I think the honourable senator knows as well as I do that the role of the Speaker of the Senate, as I mentioned in my remarks, differs in many respects from the role of the speaker in other legislatures in Canada for example.

I do not want to judge our Speaker but, since you brought up the subject, I can say that, to my knowledge, I am not aware of any situation where the Speaker has been unfair to the opposition. I think the Speaker has a responsibility, and it is to ensure that the Senate can proceed with its business. In that sense, he fulfilled his responsibility the best way he could.

Senator Thériault: Honourable senator, Senator Lavoie-Roux has not answered my question. I did not question the Speaker's rulings. In the Senate, the Speaker has always been designated by the Prime Minister, regardless of the majority in the Senate. It is nothing new.

If I refer to the parliaments that I have seen or studied, it is an exception that the majority in this house does not have the right to elect or to refuse the appointment of a speaker.

My question is very simple: In your research, did you find another parliamentary assembly where the same situation applies?

Senator Lavoie-Roux: Honourable senators, the honourable senator knows quite well that that procedure is provided for in our constitutional rules. The Speaker of the Senate is appointed by the head of the government. This Prime Minister exercised the same prerogatives his predecessors did in the past.

Senator Thériault: Answer my question. In this situation as you see it, do you think that the Speaker must have, the way it is recommended in your new rules, the same status any speaker has in the National Assembly or any other legislative assembly or in the House of Commons?

Senator Lavoie-Roux: Honourable senators, I mentioned in my remarks that our Speaker does not fulfill his responsibilities—I prefer that word instead of powers—the same way other speakers do in other legislatures.

Nonetheless, he needs a minimal set of rules in this institution if the Senate is to work effectively.

Senator Thériault: Honourable senators, Senator Lavoie-Roux said she sat in the National Assembly for 14 years, if I understood her well. Have you ever witnessed, at the time of discussions on the rules of the National Assembly, changes made by one party only?

Senator Lavoie-Roux: No, honourable senators, I think that rules are generally changed in collaboration not only with the official opposition but also with the other political parties that might be represented in the National Assembly. But such changes must be made in collaboration within a framework which is represented here by the Committee on Standing Rules and Orders. This framework was used. This Committee has been set up formally, in accordance with the rules of the Senate.

Now, nobody can be forced to drink if they do not want to. In that sense, the opposition chose not to participate in the Committee's proceedings.

Senator Thériault: Honourable senators, I would invite you to come in my province, in Eastern Canada, and elsewhere in Canada, to try and explain your position.

Senator Lavoie-Roux: In conclusion, honourable seantors, I would like to say that I would feel totally at ease to appear before any legislature or group to explain the actions the Senate is trying to take. Those are actions taken in the best interests of Canadians and, more particularly, those are actions that allow a reassertion if possible, ever so slightly, of the value of this institution that we are part of and that we have unfortunately debased not too long ago.

Senator Thériault: Honourable senators, I would like to tell Senator Lavoie-Roux that she will perhaps be welcome in my province but she might not be totally at ease once she will have given her explanations to the people of my province.

• (1450)

[*English*]

Hon. Jerahmiel S. Grafstein: May I ask the honourable senator a question? She has acknowledged that interested parties may not have been called to give their views on these rules. Would it be appropriate, if she feels that there were interested parties, for her to consider the summer vacation to allow the rules to return to a committee so that interested parties such as the Clerk, the Table Officer, constitutional experts and other interested parties aside from those on this side might have their independent views given so that the entire Senate would have the benefit of those who have not been embroiled in the controversy, but could in effect project their ideas to see whether or not the conclusions of the Tory caucus is satisfactory for all of Canada?

Hon. C. William Doody: I wonder if I could undertake to reply to Senator Grafstein's question? I believe there would be absolutely no hesitation on this side of the house to refer the rules, once they are passed. As a matter of fact, you do not have to refer the rules. The Rules committee can seize on them

at any time it wishes and make any recommendations for improvements or changes. We on this side would encourage the committee to do so, and I would like to see an ongoing monitoring of its progress when we come back in the fall. I hope the committee will study them on an ongoing basis and continue to make recommendations for improvements.

I do not think any of us in this chamber feel that the proposed rules are without flaws. Certainly there are going to be found some imperfections in them and they are going to need some improvement. We will need the cooperation of all honourable senators working together to make sure that we have a workable arrangement for the business of this place.

Hon. Senators: Hear! Hear!

Senator Grafstein: What is the hurry?

Senator Doody: If the honourable senator had asked me that last September, I would have been able to look ahead and say that perhaps we need some set of rules to govern our conduct so that we can get on with the business. We did not use them. They were inoperative. They did not work. We are trying to improve the situation, and we hope that all honourable senators will join us in so doing.

Hon. Hartland de M. Molson: Honourable senators, I was asked to sit on the Rules committee for, I suspect, two reasons. One was because the Opposition had suggested that committees would better reflect the membership of the Senate if it had an Independent as a member, and the other reason, perhaps, was because I had served for 15 years as chairman of the Rules committee during which time we made massive revisions some years ago.

Senator Thériault: Chaired the committee. That is how it should be now.

Senator Molson: Thank you. I might say that a minute ago it was said that rules had not been studied in depth for some time. In 1968 we revised the rules. If anyone has copies of the old rule books they would not need much convincing to see what enormous changes were made. The 1952 book was like a little pocketbook about a quarter of an inch thick. That carried through to 1964, and the more modern rule book which came out in 1968 had tremendous changes from those old rules.

I greatly regret that members of the opposition were not allowed to take part in the discussions of the committee. Obviously partisan loyalty will prevent agreement on the reason, but I was present when the Selection committee sat and I heard the causes.

However, the time has come for the Senate to make an effort to recover its proper posture, and I ask honourable senators to try to think of the future, to think of Parliament, and to think of Canada.

Party positions, reputations, success and power are the stuff of politics, but I suggest, with great respect, that now is the time when we should try to heal the wounds we have suffered and see if we cannot get this chamber functioning usefully and with dignity once again.

[Senator Doody.]

It is my opinion that the new rules which we are now discussing are overly complicated and I have expressed this view to some members of the committee.

This leads me to the thought that we might benefit from a practice in some assemblies which have at times introduced new rules "provisionally" subject to review at a future date.

• (1500)

Therefore, I suggest two things—

Senator Frith: Subject to review when?

Senator Molson: At a future date. Therefore, I suggest two things: First, that the Liberal opposition nominate their members to the Rules committee; and, second, that the proposed new rules be adopted "provisionally"—

An Hon. Senator: No way.

Senator Molson: —to be reviewed after the parliamentary summer recess. We might in this way meet the wishes, to some extent, of the Opposition to take more time for consideration and, at the same time acquire the experience necessary to simplify and make more effective the new rules.

Of one thing I am certain: The previous rules must be rewritten, because they are useless in an atmosphere where there is deep antagonism such as prevails today in our chamber. For this reason I shall vote in favour of the report.

At the same time, we should benefit from the experience and gain back the respect of all our senators, all our colleagues, for the Senate.

Honourable senators, after every battle or after every war there comes a time for cooling off. May I suggest that now is the time for us to put the reputation and the responsibility of the Senate ahead of all else and take steps to get back on a peaceful course.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: It was moved by the Honourable Senator Robertson, seconded by the Honourable Senator Barootes, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some. Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (1510)

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

Report adopted on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Lavoie-Roux
Balfour	MacDonald
Beaudoin	(*Halifax*)
Beaulieu	Macquarrie
Belisle	Molson
Bolduc	Murray
Castonguay	Nurgitz
Chaput-Rolland	Oliver
Cochrane	Ottenheimer
Cogger	Phillips
Comeau	Poitras
David	Robertson
DeWare	Roblin
Di Nino	Ross
Doody	Rossiter
Doyle	Simard
Forrestall	Spivak
Johnson	Sylvain
Kelleher	Teed
Keon	Tremblay—40
Kinsella	

NAYS

THE HONOURABLE SENATORS

Adams	LeBlanc
Bonnell	(*Beauséjour*)
Bosa	Lefebvre
Buckwold	Lucier
Cools	MacEachen
Corbin	Marsden
Davey	Molgat
De Bané	Neiman
Denis	Perrault
Fairbairn	Petten
Frith	Robichaud
Gigantès	Stanbury
Graham	Stewart
Hays	Stollery
Hébert	Theriault—30
Leblanc	
(*Saurel*)	

ABSTENTIONS

THE HONOURABLE SENATORS

NIL

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

• (1520)

FORESTRY

PLIGHT OF FOREST PRODUCTS INDUSTRY

Hon. Raymond J. Perrault rose pursuant to notice of Tuesday, May 14, 1988:

> That he will call the attention of the Senate to the plight of the forest products industry in British Columbia and in certain other areas of Canada.

He said: Honourable senators, this afternoon, I welcome the opportunity to place on record some facts about Canada's forest industry and to present some of the problems. This will not be a partisan speech, because it is absolutely vital that we cooperate to keep this very basic industry as strong and healthy as possible.

The world market these days is mean, tough and competitive. While recently there has been a improvement in lumber sales for some Canadian companies, including some in my province of British Columbia, there are a number of danger signs on the horizon. No one can be complacent about the future of this industry which is of critical importance to the Canadian nation.

Am I overstating the situation? The facts say otherwise. Forestry's contribution to the Canadian economy cannot be underemphasized since it employs almost one million Canadians directly or indirectly in almost all of our provinces. We are custodians of 10 per cent of the world's forests.

In 1989 the forest industry provided for 348,000 direct jobs and 540,000 indirect jobs, or roughly one in every 14 jobs. Wages and salaries paid in 1988 in the forest industry amounted to $9.6 billion. The forest industry ensures the survival of 300 forest dependent communities, and many of these communities are in the provinces represented in this chamber.

The forest industry contributes more than $40 billion in annual shipments. In 1988 the total value of shipments was $49 billion of which 54 per cent was sold domestically and 46 per cent was exported. The net trade balance of $19.5 billion for 1989 in forestry exceeds that of agriculture, mining, energy and fishery combined. That is worth repeating: The net trade balance in forestry exceeds that of agriculture, an important area; mining, a very important area; and energy and fisheries combined.

In 1989 forest products exports totalled $22.8 billion in value. This amounted to 17 per cent of the total Canadian exports and 21 per cent of the total world trade in forest products.

Canada's key forest products exports are wood pulp, 30 per cent; newsprint, 25 per cent; and softwood lumber, 24 per cent. Canada's major export markets for forest products are the United States, 65 per cent; the EEC, 15 per cent; Japan, 11 per cent; and others, 9 per cent.

Forestry provided for $8.9 billion dollars in new investment for the Canadian economy in 1989, the latest available figures.

Since 1984 the forest industry has invested over $2 billion for pollution control and expects to spend an additional $5 billion to meet new environmental guidelines.

I do not think we should be naive, honourable senators, about some of the comments which have been appearing recently in European media and on European television networks. Recently attention has been focused on what is described by some of them as the Canadian forest industry's lack of attention to the environment. I have stated that since 1984 the forest industry has invested over $2 billion in pollution control alone. What have we seen recently? European and off-shore camera crews have been parading through our Canadian forests, photographing what they describe as the rape and pillage of this great forestry heritage. They are so concerned about North America, so concerned about Canada, they are sending their crews in to photograph us. Well, I am not flattered by all this attention, and neither should any of us be.

Some of this activity may be sincerely motivated. It may represent a genuine concern for the Canadian environment and for conservation. However, I am cynical enough to suggest that much of it is inspired by a determination to damage Canada's forest product export sales. Some of these same activists succeeded in ruining Canada's fur industry. All of us can well recall the world effort to prevent Canada from culling its seal herds, and now the vastly increasing number of seal herds are destroying valuable fish stocks in the north Atlantic, endangering the industry itself and affecting the lives of those who work in that Atlantic fisheries industry.

We remember those visitors from overseas, armed with their motion picture cameras. Well, they are back again. They are in British Columbia. Remember them in the seal crusade days with their videotapes, accompanied by their production crews attired in leather clothing. We remember how they used to come in with their leather coats and pontificate about the plight of the seals. After their judgmental outpourings, many of these same visitors saw no contradiction in returning to their hotels and dining on roast rack of lamb and veal schnitzel.

The forest industry is not perfect and mistakes have been made. But, most assuredly, this is true from coast to coast there is much greater concern for the environment and for replanting than there was 20, 10, or even five years ago. We do not need offshore visitors to tell us what is wrong with our industry. We do not need European television specials to tell us what is wrong with Canadian forests.

On one visit to Europe, I remember the incredibly nightmarish sight, in a wealthy central European country, of one forest area completely dead, the tall pine trees reduced to ghostly spectres on the horizon. Nearby, a chemical plant spewed out its noxious wastes; people were literally coughing in the streets. We have nothing in Canada even remotely as bad as that obscenity, and this same country is one of those countries that are sending television crews into Canada, lecturing us about the environment. Perhaps one of our worst mistakes has been that we have failed to encourage CBC or CTV crews to visit that country in order to photograph its environmental outrages. Perhaps we need a couple of offshore missions by our own media to tell them what is wrong in their country.

Having got that off my chest, let me return to a few dry statistics. Half of Canada's land base is forested—roughly 453 million hectares, or an area three times the size of Europe. Approximately one-half of this area is designated as productive land and one-half is considered commercially viable. One million hectares are harvested each year. Studies indicate that Canadians plant two trees for every one tree harvested, planting close to 1 billion seedlings in 1990 coast to coast. That is not a bad record. It could be better and we have to do more. However, in my province—and I know it is the same in certain other provinces—it is great to see the crews of young people going out and replanting our forests. It is a constructive, productive thing for young people to do.

• (1530)

Most of Canada's forest land—about 80 per cent—is controlled by the provinces. Ten per cent is controlled by the federal government and most of that is in the Yukon and Northwest Territories. The remaining 9 per cent is held by 348,000 private woodlot owners.

These are the facts. They seem to indicate that the forest industry is profitable and buoyant, but there is another and more troubling dimension to the picture. Last year in British Columbia, for example, operations incurred a net loss of $9 million compared to net earnings of $1.1 billion in 1989. Results from non-British Columbia operations increased the loss to $10 million. Industry sales declined 12.7 per cent to $11.8 billion in 1990, from $13.6 billion in 1989. The rates of return for British Columbia operations in the forest industry, compared to overall operations, were as follows: As a return on capital employed, 1.7 per cent; and on all operations, 1.8 per cent. This is compared to a return on capital employed in 1988 of 13.9 per cent; and a return on all operations of 12.1 per cent. These figures are contained in an excellent recent Price Waterhouse study which tells us that in the United States, firms achieved a 4.3 per cent return on assets after tax, while in the province of British Columbia that figure was zero.

The industry in eastern Canada posted a percentage figure of 1.1 per cent. We hear all about the talk of the wealthy forest industry and how they are raking in obscene profits. The figures do not support that. Despite all of the comfortable assumptions that British Columbia's main industry is thriving,

B.C.-based companies have generally underperformed other North American companies, even Canada Savings Bonds which is a completely risk-free investment. There is no reason for complacency.

Despite sharply reduced cashflows from operations, capital expenditures amounted to $2.3 billion dollars in 1990, almost identical to 1989's record high. The increase in borrowing raised short- and long-term debt to $5.1 billion, up from $3.9 billion in 1989. Honourable senators, I know these statistics are rather dry, but I think it is important that one of the national chambers gets the facts on the record in order to sound some alarms.

The ratio of debt to shareholders' equity deteriorated from 36-64 in 1989 to 43-57 in 1990. The impact of this deterioration on the industry's financial position has been lowered credit ratings, higher borrowing costs and more difficulty in accessing investment funds.

Of course, as many of you senators who have various forestry operations in your provinces know, the problems with the Canadian dollar have further aggravated the situation. The Canadian dollar strengthened 1.5 per cent against the U.S. dollar last year. This, of course, had a negative impact of some $9.3 billion. In 1989, $10 billion of B.C. forest products were exported priced mainly in U.S. dollars. Revenues would have been $140 million higher in 1990 if the exchange rate had remained unchanged from 1989. This exchange rate situation is just killing some of our forestry operations. Revenues would have been $1.5 billion higher had the exchange rate remained unchanged from 1986 when that memorandum of understanding was signed with the United States.

The industry recorded a net loss of $9 million in 1990, a dramatic—and perhaps we should add the word "traumatic"—decrease from prior net earnings of $1.15 billion. Many factors contributed to this shift. Lumber suffered a $281 million loss because of soft world markets. Adverse exchange rates—and I have spoken about that—increased costs, and continued high stumpage rates all contributed. The lumber sector suffered from significant curtailment in closures. Market pulp experienced lower sales volumes, lower prices, higher costs, and oversupply. These resulted in earnings of $227 million in 1990, down from $694 million in 1989.

Newsprint lost $33 million last year primarily because of lower prices, higher costs, lower operating rates caused by production problems with new machines, and shutdowns for other capital projects. Prices were adversely impacted by substantial increases in North American capacity.

Other operations experienced a general decline in product values coupled with upward pressure and costs. Net earnings were $82 million compared to earnings of $309 million in 1989. Plywood lost $4 million in 1990 after earning $35 million in 1989. The plywood sector experienced continued mill closures and corporate reorganizations. Return on capital employed all but disappeared, reflecting the absence of profitability combined with continuing capital expansion. Altogether, the industry invested some $2.3 billion in new plant and equipment in 1990, including $400 million for environmental control purposes. These expenditures were largely in respect of projects initiated in prior years.

The value of British Columbia forest products sold dropped to $11.8 billion in 1990 from $13.6 billion in 1989. This represents 52 per cent of the total value of manufacturing shipments in the province in 1990, down slightly from 53 per cent in the prior year.

Direct industry employment declined by some 4,000 jobs to 81,000. The reduction was most significant in logging and lumber where the net reduction for these two sectors was 3,000 jobs. This has had a very adverse effect on our province and, certainly, some of the other provinces across the country.

There were minor increases in market pulp and newsprint employment because of 1989-90 increases in capacity. Other operations decreased by 1,100 employees as their profitability declined. Despite the fall in employment, the forest industry still generated 17 per cent of the jobs in British Columbia. Again, if the 1986 exchange rate had prevailed in 1990, industry revenues would have been $1.5 billion higher in Canadian dollar terms.

Honourable senators, I think we can understand why there is absolute unanimity among all the political parties in the province of British Columbia and in all sectors of the economy, labour and management, to get rid of that memorandum of understanding regarding softwood lumber that we signed with the Americans in 1986. I know the government is working on the project. We have been given that assurance and I hope we can report some progress very soon.

Wood costs rose 4 per cent in 1990. The increase reflected, in part, the incremental costs associated with meeting changing harvesting and silviculture requirements to minimize environmental impacts. Reflective of the poor market for lumber and other solid wood products, the 1990 log harvest declined 10.2 per cent from the 1989 harvest. At the same time, there was an effective stumpage rate increase of 4 per cent despite the poor economic market. Stumpage is very insensitive to market conditions. It makes no sense at times. The $605 million raised in 1990 from stumpage, licences, rents and other fees took no account of the solid wood sector's lack of profitability. $605 million compares with $648 million and $647 million levied in 1989 and 1988 respectively. In contrast, the combined results of the solid wood sector on which stumpage is levied dropped to a net loss of $285 million from earnings of $112 million in 1989.

Current taxes, stumpage and other payments to governments fell from $1.6 billion in 1989 to $1.2 billion in 1990. Income taxes and other payments to governments on behalf of employees amounted to $1.3 billion, up slightly from 1989. For every $5 of sales revenue generated by the industry in the province of British Columbia, $1 goes to the government.

Honourable senators those are the dry, statistical facts. What do we do to ensure the economic survival of an industry of enormous importance to this nation? First, we must recognize and acknowledge the importance of the forest sector.

Earlier, I pointed out the great importance of this industry. It means we must work for a coordinated strategy among federal and provincial ministries to replace the current atmosphere of ministries competing for responsibility, resulting in shifting ground rules from governments which detract from the industry's ability to focus on other issues. All of the problems did not start with this government presently in office; I would not make that allegation. Certain problems preceded that. Other governments, earlier governments, made mistakes with respect to this industry.

• (1540)

One of the real concerns being felt by forest companies in the province of British Columbia is the perceived lack of federal attention to the industry. Well, there should also be more provincial attention. It is a serious concern, especially given the magnitude of the forest industry in the Canadian and British Columbian economies. Forest products shipments in British Columbia represent one-half of all manufactured shipments by value, and, as I noted earlier, the forest sector's contribution was roughly $13 billion in 1989 excluding the service sector support. One in five B.C. jobs is directly or indirectly linked to forestry. Forest products in Canada are the largest contributor to the trade balance. The forest sector in Canada represents a much more significant percentage of all manufactured goods shipped compared with the United States, yet the U.S. government appears to be more receptive to forestry concerns.

Canadian forestry has a major impact on all macroeconomic variables such as capital formation, trade balance, currency exchange and labour markets. The complaints that I hear, along with those heard by those in government, in the other place and in this chamber, suggest that there is a lack of continuity of federal response, a lack of understanding, which just did not happen over night, reflecting a general lack of leadership even where matters are clearly within the federal sphere, such as environmental issues, revenue stream development, data base development, and the NSR component of FRDAs. That lingo means "not sufficiently restocked component of forest resources development agreements." In other words, those are the lands in our province and in other provinces which have not been reseeded or have not been replanted successfully to make possible new forests to enable future generations to enjoy the advantages of this forest resource. In some cases, the trees have been planted and then they have died; they have not taken; they have not proved to be viable.

Another matter clearly within the federal sphere, which requires more attention, is education and research. It is felt on the west coast that trade issues have been both an exception to this lack of understanding and an example of an appalling lack of leadership.

On the one hand, a series of five-year agreements and an offshore trade development program have been quite successful. They have worked pretty well. On the other hand, the current memorandum of understanding on softwood lumber will be the death knell for independent operators if the problems created by it are not addressed without delay, due to the changed economic conditions.

It is felt too by many people associated with the industry, directly and indirectly, that intergovernmental rivalry is also a significant problem, both between the federal and provincial levels and among departments at both levels. It is felt that a strong voice is needed at the federal cabinet level to bring some unification to the "see-saw," "whip-saw" approach to forestry issues among various departments.

Changing values in society emphasize the lack of vision or long-term planning by governments to encourage a strong forest industry. There are current concerns for reforestation and forest management, labour conditions and environmental control standards. All of these are worthy and important, but the associated costs and cries of retribution for decades of outdated forest practices are currently stacked on top of increased tariffs, loss of competitive monetary standard and decreased demand.

Now a word about a report which was issued recently, "The State of Forestry in Canada", a 1990 report to Parliament by the government. In some ways it is a very good report. It is over the name of the Hon. Frank Oberle and sets forth some of the real problems that forestry has in this country. I would like to make reference to two paragraphs which talk about competition and our efforts to pursue more liberalized world trade by pushing for the elimination of both tariff and non-tariff barriers in multilateral trade negotiations. The report states:

> While substantial inroads have been made in recent years, Canada's forest products industry still faces a number of trade barriers. In the past, tariffs posed the greatest barriers by making Canadian products less price-competitive in foreign markets. Recent international trade negotiations under the General Agreement on Tariffs and Trade . . . have generally reduced such barriers, however tariff escalation remains a problem for some forest products. Other non-tariff barriers are also faced by the industry, often in the form of technical constraints, such as meeting foreign building codes and product standards.

As honourable senators know, there seem to be ways in which some countries get around such troublesome things as free trade provisions by erecting other kinds of barriers, such as non-tariff barriers.

> Canada is continuing to pursue more liberalized world trade—

and that is good

> —by pushing for the elimination of both tariff and non-tariff barriers in multilateral trade negotiations.

The report continues:

> Similar efforts in the bilateral arena have had some success. The recently negotiated Canada-U.S. Free Trade Agreement, which came into effect on January 1, 1989, provides more secure and open access to Canada's largest and closest market.

We hope it will work successfully.

The agreement contains provisions to phase out tariffs on printing and writing papers and of perhaps greatest importance to the forest products industry, mechanisms to deal with the settling of disputes.

However, a number of bilateral trade issues remain which restrict free and open access to the U.S. market. The memorandum of understanding . . . dealing with the export of Canadian softwood lumber remains a controversial trade irritant. There is also a tariff on shingles and shakes, imposed by the United States to protect its industry in the Pacific northwest. This tariff is expected to expire in mid-1991.

There are other challenges developing. We are facing very much tougher competition abroad. Our solid wood products and pulp and paper industries are looking at very difficult competition. New competitors are appearing on the scene, some with significant advantages in labour and raw materials. Brazil, for example, has extensive hardwood forests and low labour costs. Yes and they seem to be in the process of cutting down an awful lot of those forests. Chile, New Zealand and other countries in the southern hemisphere have plantation forests that can provide fibre for new pulp mills and supply competitive grades of lumber to Pacific Rim countries in the near future. Other competitors, such as Sweden and Finland, have modern pulp and paper mills that are closer to European markets. These are some of the markets up for grabs right now. That may be one of the reasons for the anti-Canadian propaganda offensive by some people in Europe. Unbelievably, it is supported by some of our people right here in Canada who invite these crews in to photograph the worst side of the forest industry. This is a matter of real concern.

Many of Canada's competitors are also investing heavily in research to develop new equipment and products. So we are not without people out there challenging our right to sell to the world. The industry in the province of British Columbia believes, supported by labour, that a coordinated strategy for research, information management and decision-making is necessary, not only for the 1990s but for the 21st century, now less than ten years away. The strategy needs to recognize the cyclical nature of the forest industry and will need to temper capital demands in periods of economic recession. It is to the industry's advantage to take a responsible role in reinvesting in forestry development. What it is asking for is the gradual and incremental implementation of new governmental policies in a manner which allows the industry to adapt.

• (1550)

Ad hoc policies which do not reflect long-term thinking will force businesses into bankruptcy for a net loss to both federal and provincial economies. We will have successfully killed the goose that laid the golden egg. Examples of political and public misunderstanding of the present plight of the forest industry include, first, the panacea of moving to value-added production when the industry infrastructure is based on primary resource exports at the present time.

A second is comparing the recession of 1991 to the downturn of 1982. In 1982, the industry slump was brought on by factors which included undertaking productivity-enhancing capital expansions and peaking debt interest. The 1982 recovery was boosted by the capital expansions, the pent-up demand for housing and lowering interest rates allowing for a roaring recovery. On the other hand, in 1991 the capital costs are to enhance the forest environment, which is good, but these costs are not focused on productivity, hence while important for environmental reasons and supported by the public, they will not contributed to the economic recovery. In addition, the passing of the baby boom wave for housing, the relatively low interest rates and a relatively high insecurity in investment markets indicate a slower recovery than post-1982.

A third example is comparing the North American forest industry to the Scandinavian model. It is done frequently. People who do special reports love to make that comparison. However, those comparisons are not entirely valid. As, in the Swedish example, forest control is much more centralized and the government has developed a long-term strategy to build a strong forest industry, including a period in the early 1980s when Sweden devalued its currency to provide a competitive climate for its forest-related businesses. Honourable senators will recall that devaluation and the effect it had on export sales as far as Canada was concerned.

A final example of political and public misunderstanding of the present plight is the expectation of a new crop of properly educated forest managers when current enrolments in undergraduate forestry programs are dropping off and there are too few Ph.D.s qualified to fill existing research facilities, let alone to address the gaping holes in research and information necessary for an informed forest strategy.

Under the heading of investment, investor confidence in the forest industry is emasculated. Industry trust in governments, without putting a label on the governments, appears to be shattered in some cases. One suggestion to encourage general confidence in the industry is to show that forestry can respond to provide real investment growth in the range of 7 to 8 per cent. Currently the industry average is roughly 5.3 per cent real growth. With proper silviculture research and management practices, the shift from old growth forestry to second growth forest resources will provide the constant supply necessary to weather investor concerns when the market soars on its five-to-seven year cycle.

If pension fund legislation were amended to allow for greater participation of the private funds in forest resource investments, the so-called lift factor of pension fund investment would likely raise the real growth security in forest industries to 7 to 8 per cent, creating a even broader investment appeal. Pension fund investments in forests is already happening in the United States either through cash investments or through actuarial purchase of forest lands with the funds. The intent is to provide government programs which encourage the private sector to do the work.

I want to close by saying a few brief words again about the memorandum of understanding on softwood lumber. It was negotiated, I am sure, in the hope that it would be satisfactory for both the United States and Canada, but the need for its

repeal is an issue of immediate and critical concern for many private softwood lumber product companies. The U.S.-Canada MOU and the resulting B.C. stumpage costs must be radically altered. The memorandum of understanding should be cancelled.

There is a crisis. The crisis has arisen from a change in economic conditions between the time of signing of the MOU in 1987 and today including exchange rates, market share and increasing regulations in costs. It is too bad that we made no provision for a change in the exchange rate between the Canadian and U.S. dollars. The MOU allows for no such consideration or amendments to either exchange rates or market share and the potential harm to private forest product businesses in B.C. is real and serious. This is one issue that the industry is absolutely united on, supported by the trade unions. Immediate and continued pressure in Parliament for action on this issue is required. It is felt that if necessary, the 30-day escape clause should be invoked. Perhaps we should start over while there is still an industry left to start over with, as one forestry spokesman said the other day.

On March 7, of 1981 the leader of the Liberal Party the honourable Jean Chrétien, wrote a letter to the Right Honourable Prime Minister. He said:

> I am writing to express my concern regarding the state of the Canadian softwood lumber industry and the Memorandum of Understanding (MOU) on softwood lumber signed by your government and the government of the United States on December 30, 1986.
>
> When the MOU was signed in 1986 Canadian lumber producers had a competitive advantage on the U.S. market due to the low value of the Canadian dollar, which encouraged Canadian lumber exports to the United States.
>
> As you are well aware, since the signing of the MOU, conditions in the softwood lumber industry have changed dramatically, industry profits have substantially declined as a result of a lower demand in prices, the value of the Canadian dollar vis-a-vis the U.S dollar has increased, ($0.72 cents in 1986 to $0.86 cents in 1991) and woodchip prices are lower and are continuing to fall. All of the above factors have contributed to mill closures and high levels of unemployment in this sector of the Canadian economy.
>
> Problems in the softwood industry are definitely aggravated by this 1986 MOU. The Canadians softwood industry has never considered the MOU to be a permanent ongoing agreement and changes in economic conditions have made the MOU irrelevant today.
>
> Furthermore, the MOU required the provinces to implement changes in their stumpage policies at the request of the United States government. This is a clear intrusion into Canadian sovereignty.

That is something that would not be tolerated, I am sure, were the shoe on the other foot.

[Senator Perrault]

> I am aware that negotiations with the United States to renegotiate the MOU have now been underway for more than one year. I am deeply concerned over the lack of progress made to date. It is important that that issue be resolved very quickly. Further inaction will result in the demise of small and independent sawmills, particularly in British Columbia and northern Ontario.
>
> It is in the interest of Canada to have an economically viable and healthy forestry sector. I hope that this important issue will be addressed by your Government with the utmost urgency.
>
> Yours respectfully,
>
> Jean Chrétien.

Honourable senators, I can remember those heady days of 1986 when the memorandum of understanding on softwood lumber signed by Canada and the United States was supposed to be good news for both countries. I remember the passionate defence of the deal by a succession of government spokesmen. Well what a difference four years makes. Now, government ministers are doing their best, they say, to unravel this iniquitous agreement. The honourable John Crosbie says he is acting as quickly as possible and now agrees that it is a bad deal. Simon Reisman, in his last visit to Vancouver, in a rare moment of candour, suggested that perhaps we should have "hung in tougher with the United States on the softwood lumber deal." To that, British Columbians would say amen; and he added cynically the comment, "Well, we had to give up something."

Does anyone truly believe we should have given up something of such vital importance the number one industry in the country? Honourable senators, we gave up too much. We were outmatched and outgunned by those Yankee traders. The sad part it have is, of course, that some of us warned that this would be the result. Now the nation is paying the price. This miserable and perverse softwood lumber deal has played havoc with the lives of many Canadians—and Canadian companies—yet the forest industry's British Columbia operations alone have generated approximately 348,000 jobs in Canada. This is an important industry that is of life and death importance to many communities across the country. No effort should be spared to get rid of the softwood deal with the United States. There is no points in recriminating about what might have been. We must work together to get rid of the deal.

• (1600)

Honourable senators, despite its size, forestry is an industry which must not be taken for granted.

Senator Frith: Give us the figures again that you gave us at the beginning.

Senator Perrault: They are worth repeating. Despite its size, forestry is an industry which must not be taken for granted. There should be no easy assumption that this industry is safe and secure, that it will be able to withstand any kind of assault. That would be a tragic assumption.

I want to remind honourable senators that as far as the rest of the economy is concerned, and I again want to get this on the record, the net trade balance of $19.5 billion in 1989 in forestry exceeded that of agriculture, mining, energy and fisheries combined. That is an enormous statement. It indicates just how much value this industry brings to our nation, whether it is in the Atlantic provinces, Quebec, Ontario or western Canada.

I repeat that, despite its size, forestry is an industry that must not be taken for granted. There should be no easy assumptions made that the industry is safe and secure, that because it is a big industry it will be able to withstand any kind of assault. The opposition is out there actively pursuing our markets, modernizing their equipment and putting state-of-the-art pulp machinery and lumber processing machines in place.

The world forestry products markets are tough markets rife with competition from nations lusting after our share of those markets. I believe that part of the propaganda effort which I referred to earlier is designed to disenchant potential European buyers with the Canadian product, to persuade them to buy from European suppliers.

Some of our Canadian forestry operations can claim to be state of the art, and some of our companies have done a great job of modernizing their equipment so that they can compete. Others have a distance to travel in the area of rationalization. The entire industry must be upgraded to enable it to maintain and to expand Canada's fair share of world markets. We need a much enhanced tree-planting program. We are making progress in that regard, but we can improve.

All of us, regardless of party, must work to keep this vital industry healthy and competitive, a viable resource now and for the generations to come.

I thank honourable senators for their attention.

Hon. Senators: Hear, hear!

Hon. Gildas L. Molgat: Will the honourable senator permit a question? Earlier in his comments he made the statement that we are now in the position that for every tree that is cut in Canada two are replanted. Does that figure apply across Canada, or specifically to British Columbia?

Senator Perrault: It is a national figure. However, it does not mean to say that that is enough. For example, when a tree that may be 300-years old is cut down, the volume that is taken out of the forest by merely planting two new small trees is no compensation. The planting ratio has to be much higher than that.

Hon. Sidney L. Buckwold: I wonder if I might ask a question of the honourable senator as one who was interested in this subject during the happier days of the Banking, Trade and Commerce committee. When that committee looked at the shakes and shingles problem, we saw that provincial governments became rather important in the overall picture. I do not recall hearing from Senator Perrault, and I may be wrong, about the role of provincial governments in the decimation of this important industry.

What has happened to the 15 per cent surcharge that was imposed? Have the various provincial governments, and especially the Government of British Columbia, done their share in revitalizing this important industry?

Senator Perrault: That is a good question. It would be wrong to heap any blame, if blame is to be heaped at all, on any one level of government. Provincial governments have a greater responsibility in the area of forests than does the federal government. Of course, federal governments are the beneficiaries of vast amounts of revenue generated by the forest industry. I refer to those employed in the industry who pay income tax and those companies which pay corporation taxes, et cetera. Both levels of government benefit immensely from this resource. But there has not been a continuity of policy exercised by provincial governments in the industry. It has been subject to arbitrary attitudes toward the harvesting of timber, for example.

At one point selective logging in the province of British Columbia was said to be the only way to cut down forests. Certain parts of stands were left and the trees that seem to be harvestable were cut down. The proponents of clear-cutting then emerged. Their theory was that everything in a given tract should be cut down, including the young trees, the old trees, the small trees and the large trees. The area is then replanted and a new forest begun. In some cases fertilizer is air dropped on these forests to accelerate their growth. Now, there are severe critics of clear-cutting.

As well, there has also been a lack of continuity of policy with respect to getting revenue out of the forests. As I mentioned in my remarks, the fact is that stumpage rates have been increased in some instances. When the industry has been in a terrible economic condition, this type of move seems to be counter-productive.

Senator Buckwold: What has happened to the 15 per cent?

Senator Perrault: The 15 per cent is now reflected in the stumpage rates charged by the provincial governments.

Senator Buckwold: Do they get the money?

Senator Perrault: They get the money. There is cooperation, and I do not want to use the word "collusion", between provincial and federal governments. The Americans have said, "All right, if we are not going to slap a 15 per cent tariff on the entry of softwood lumbers to the United States, then you will have to put something in place which assures us that this unfair advantage enjoyed by Canadian lumber producers is caught down the line by some action taken by your government."

So the federal government met with the provincial governments and said, "All right, you boost your stumpage rates. That will satisfy the Americans, and it will be the equivalent to imposing a 15 per cent U.S. tariff."

The fact of the matter is that in no point in the entire negotiation were the Americans ever able to prove that they were being dealt with unfairly. The American lumber producers in comparison with the producers in Canada have never been able to make that point. It was only by using political

power down there, by launching an incredible lobbying effort, that they convinced the U.S. administration to put on this 15 per cent tariff, which ultimately devolved into a 15 per cent increase in stumpage rates in the province of British Columbia.

That is the tragedy of this debacle. There were at least two or three panels, as well as extensive and expensive research projects to prove that Canada was not competing unfairly. Some of you who are with government will know the details of this.

I see that Senator Kelleher is nodding his head. The Americans were never able to prove that there was unfair competition on the Canadian side.

Senator Kelleher: I am not saying that.

Senator Perrault: They were never able to prove at any of the tribunals that there was unfair competition. It is the same with some of the pork producers in the United States, who are claiming that there is unfair and subsidized competition from Canadian pork producers, when, in fact, the pork producers in the United States are subsidized, as the honourable senator knows. This business of saying that only Canadians unfairly subsidize the forest industry was and is simply not a fair charge.

Senator Murray: The Free Trade Agreement has been very helpful in that respect, do you not think?

Senator Perrault: That is another subject. There are days for other inquiries in this place.

I think it can be demonstrated that provincial governments have not been entirely sympathetic to the real concerns which have been expressed by sectors of the lumber industry and lumber workers, without any question at all. They should not be acquitted entirely from any of the charges that are being made by the industry against levels of government.

Hon. Mira Spivak: I wish to ask the honourable senator a question. I apologize in advance if I have missed some of his remarks. I was out of the chamber.

With regard to the management of the forest resource, and in terms of replacing two trees for every one, I wonder whether my colleague is familiar with the report of the Forest Resources Commission and the Auditor General's report just tabled in British Columbia. As a result of reading those reports, to say that the management in this sector was less than good would be putting a mild glow over it. It has been atrocious.

Second, there is not the personnel in the provincial government. It has been cut back. They cannot monitor because they do not know what is growing. They do not know what is being planted. It is true that now there is a greater effort, a greater emphasis being placed on this subject, but to suggest that everything is fine in the forest is not the case.

Would the honourable senator agree that we really have no idea at this point in time whether we are replenishing and managing our forest resource properly, since there is no inventory and no capability to monitor what is there?

[Senator Perrault.]

Senator Perrault: I welcome the honourable senator's remarks because I find myself in agreement with some of the things that she has said. I pointed out that the industry had certainly made mistakes in the past. There is no question about it. I said that two small trees planted for every one taken out of the forest is not enough. There are certain parts of B.C.'s terrain that now cannot be reforested successfully.

Clear-cutting has removed entire tracts of timber from certain steep slopes and, subsequently, rains have washed away planting soil. Those trees cannot be replanted. The honourable senator is quite right. We are still in the area of attempting to explore what must be done in order to ensure the survival of the forest for future generations. That is not a matter of dispute at all. There have been management mistakes; there is no question about that.

• (1610)

Senator Spivak: I wonder what your attitude is regarding the preservation of the old growth rain forest in British Columbia, particularly those on the islands. As you know, there is a great controversy about that issue.

Senator Perrault: As I have said, so many new factors have emerged in recent years which must inevitably affect the decisions of the forest companies: environmental concerns, a concern regarding the heritage values of maintaining some of these splendid old forest areas.

I was in the Carmanah Valley a few months ago. It was an absolutely incredibly sight. It would be a sin to cut down some of those vast trees. There was one chap up there who told me they did a size test on a big spruce tree in the Queen Charlotte Islands. He said they had 40 people in the camp and, linking arms, they could hardly touch fingers surrounding that tree.

Senator Frith: Did you say 40?

Senator Perrault: Yes, 40. It sounds unbelievable, but that was his claim.

Senator Buckwold: They were small people.

Senator Perrault: That is the cynic from Saskatchewan speaking, where they grow very short wheat.

Senator Frith: Jonathan Swift wrote about that in *Gulliver's Travels*.

Senator Perrault: I can only repeat what was told to me, but I myself did see and photograph the Carmanah trees. To destroy them would be utterly sinful and would be a damaging blow to the preservation of our environment and to our heritage.

Hon. Lowell Murray (Leader of the Government): Honourable senators, this has been a very interesting and informative speech by the honourable senator from British Columbia, Senator Perrault. However, it was contentious in a number of respects. It was certainly rather harsh, I thought, on the environmentalists. As for the Memorandum of Agreement with the United States on softwood lumber, there is an entirely different perspective that can and should be brought to bear on that matter.

Against the probability that one of our colleagues on this side may wish to speak, if only to that matter, I intend to take the adjournment of the debate. Our colleague, Senator Carney, was Minister of International Trade at the time the Softwood Lumber Agreement was signed, and she may wish to say something about that.

Therefore, against that possibility —

Senator Frith: I am glad to hear you are friends again.

Senator Murray: Well, cabinet solidarity — against that possibility, I will move the adjournment of the debate.

On motion of Senator Murray, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 239*)

THE ESTIMATES, 1991-92

SECOND REPORT OF NATIONAL FINANCE COMMITTEE

TUESDAY, June 18, 1991

The Standing Senate Committee on National Finance has the honour to present its

SECOND REPORT

Your Committee, to which were referred the expenditures proposed by the Estimates for the fiscal year ending 31 March, 1992, with the exception of Privy Council Vote 20 (Commissioner of Official Languages), has, in obedience to the Order of Reference of Thursday, June 13, 1991, examined the said Estimates and herewith presents its interim report.

Your Committee held one meeting on June 18, 1991 to review the 1991-92 Estimates, at which officials of Treasury Board appeared as witnesses. Committee members requested additional information in several areas, including: the 31 per cent decrease in the estimates of the new Ministry of State (Multiculturalism and Citizenship); the 6.9 per cen increase in the estimates of the Department of National Defence; the 6.9 per cent increase in overall program spending; the impacts of the 10 per cent reduction in the management category on the Public Service as a whole, on small versus large departments, and on regional offices versus headquarters; and the levels of living allowances for Foreign Service officers of the Department of External Affairs when posted overseas.

Part I of the Estimates describes the government's expenditure plan, including the Expenditure Control Plan discussed in the Budget of February 26, 1991. Part II, the Main Estimates, provides the outline of proposed expenditures by department, agency and program. It includes several tables: a General Summary of the estimates by department and agency, with 1990-91 amounts included for comparison (pp. 1-14 to 1-23); estimates by standard object of expenditure, including personnel, transportation and communications, information, professional and special services, rentals, purchased repair and maintenance, utilities, materials and supplies, and two capital expenditure items (land and buildings, and machinery and equipment) (the foregoing standard objects 1-9 constitute the operating expenditures of the department or agency) plus transfer payments, public debt charges, other subsidies and payments, less revenues credited to the vote (pp. 1-24 to 1-31); authorized person-years (PYs) for each department and agency for both 1991-92 and 1990-91, with the increase or decrease shown (pp. 1-32 to 1-34); a proposed schedule to the Appropriation Bill, showing the wording and amounts of each vote that Parliament is being asked to approve (pp. 1-35 to 1-56); and the statutory items that are to be spent under previous authorities and are included in the Main Estimates for information only (pp. 1-57 to 1-67).

The Part III documents, which have been prepared for all departments and agencies (but not for Crown Corporations or for Parliament itself) under the supervision of the Office of the Comptroller General, provide additional details on programs, indicating in particular the results expected for the funds being requested from Parliament. In this connection, Part III contains a section on program effectiveness for each program that the department or agency operates. This section provides departments and agencies with their only opportunity to convey information on the results of recent program evaluations as well as those of more general program and policy reviews. Your Committee's recent report on the program evaluation system found that the reporting to Parliament of evaluation activities through the Part IIIs was in need of improvement, although the quality of reporting varies considerably from one department or agency to another.

Consolidated specified purpose accounts include the Unemployment Insurance Account, the Western Grain Stabilization Account and 24 other smaller accounts. These expenditures are not allocated to specific departments; instead, they appear in Part II at the end of the General Summary table as additional statutory expenditures, as well as in the standard object of expenditure table and in various tables in Part I. Consolidated specified purpose accounts amount to $18.124 billion in 1991-92, an increase of 72.2 per cent over 1990-91. This substantial increase is due largely to an increase of $4 billion in the provision for Unemployment Insurance benefits, reflecting the anticipated impact of the recession on employment levels (see Part I, page 25).

Including the specified purpose accounts expenditures and the non-budgetary items (loans, investments and advances), total proposed spending in the Main Estimates for 1991-92 amounts to $157.903 billion. Compared to 1990-91 Main Estimates expenditures on a consolidated basis of $147.963 billion, this represents a growth of 6.7 per cent (for comparison, 1990-91 Main Estimates exceeded those for 1989-90 by 5.1 per cent). This growth calculation, like others for specific departments, agencies and programs, does not reflect the actual level of spending for 1990-91, which includes funds approved under Supplementary Estimates as well.

In addition: $707 million in expenditure reductions announced in the 1991 Budget are not included in the Main Estimates; $1.2 billion of the spending authority requested in these Main Estimates is expected to lapse by the end of the fiscal year; and $3.378 billion has been earmarked for reserves to cover expenditures that will appear in Supplementary Estimates during the year. The sum of these (positive and negative) items, as shown in Part I, Table 2.1, is $159.0 million, which represents the ceiling of the government's fiscal plan and is used to estimate the 1991-92 budgetary deficit. Table 2.2 on page 10 compares these planned budgetary expenditures of $159 billion for 1991-92 with forecast expenditures of $151.25 billion for 1990-91, which include Main and Supplementary Estimates, lapses and the across-the-board expenditure reductions of $350 million that were imposed at the time of Supplementary Estimates (B) to offset the increased allocation of the same amount for the Department of National Defence to defray the costs of the Oka and Chateauguay operations and of the Persian Gulf war. By this measure, expenditures are expected to grow by 5.1 per cent from 1990-91 to 1991-92. The growth rate is also shown in Table 2.2 to have decreased in each of the last two years.

The February 1991 Budget announced a number of expenditure restraint measures that are expected to yield savings of just over $1 billion in 1991-92. These include

an effective freeze on departments' operating and capital budgets (Standard Objects 1-9) at the 1990-91 level to save $500 million[1], a $75 million reduction in grants and contributions and a ten per cent cut in the number of senior managers and executives (SM and EX) in the Public Service. As well, funds for CMHC Social Housing, the Canadian Jobs Strategy and the Green Plan are being cut by $32 million, $100 million and $125 million respectively. Finally, the two-year constraint on Canada Assistance Plan funding for Ontario, Alberta and British Columbia and the per capita freeze on Established Programs Financing transfers to all provinces, which were announced in the 1990 Budget and included in Bill C-69, have been extended for another three years to 1994-95. This extension, along with a constraint on Official Development Assistance, will affect future expenditures but will have no impact on those for 1991-92.

The freeze on operating budgets ensures that departments and agencies will not be compensated for the costs of higher wages and salaries resulting from collective agreements that are negotiated after April 1, 1991.[2] Consequently, when faced with higher salary levels, departments will be forced to reduce staff in order to prevent their total salary costs from increasing. Such reductions have obvious implications for the ability of departments to continue delivering their existing programs. The impact of the freeze on operating and capital budgets, amounting to $500 million in total in 1991-92, is shown for individual departments in Table 2.4 on page 12 of Part I and, in greater detail, on pages 19-22 of the Treasury Board's publication, *Managing Government Expenditures*, which was tabled with the Main Estimates on February 28, 1991.

Your Committee customarily undertakes a major study each year under the reference of the Estimates. The subject of the study and of the final report on the Estimates have not yet been decided. However, an examination of Public Service 2000 and other aspects of the management of the Public Service might form an appropriate sequel to the Committee's study of the program evaluation system during the 1990-91 fiscal year.

Respectfully sumbitted,

Roch Bolduc
Chairman

NOTES

1. Treasury Board officials indicate that this freeze corresponds to an across-the-board cut of three per cent in the operating and capital budgets that appear in the Main Estimates.

2. The government has also indicated that it will not agree to salary awards in new collective agreements that are more than three per cent above the levels for any previous year. An allowance for annual increments and across-the-board increases resulting from the continuation of existing contracts has been built into the operating budgets. As well, retroactive provisions for 1990-91 and earlier years may be covered by funding from Treasury Board Contingencies Vote 5, as will severance pay and maternity benefits that are deemed beyond departmental control. However, a long-standing policy will be continued that departments must fund promotions from their existing resources.

THE SENATE

Wednesday, June 19, 1991

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

Prayers.

[*Translation*]

RULES OF THE SENATE

AVAILABILITY OF NEW TEXT—SPEAKER'S STATEMENT

The Hon. the Speaker: Honourable senators, you surely know that, following a vote taken yesterday in the Senate, the Rules of the Senate have been modified and these changes take effect today.

[*English*]

I want to point out that the new rule book has not been reprinted, but it will be ready by Fall when the Senate resumes this session.

In the meantime, I ask the indulgence of Senators and ask for their patience as we work together on adapting to the new rules.

When senators wish to consult the rules, for now they will have to rely on the rule book along with the report of the Rules committee which was adopted yesterday. Extra copies of that report are being distributed for the convenience of senators.

RADIO CANADA INTERNATIONAL

EFFECT OF CUTBACKS—SENATOR'S STATEMENT

Hon. Finlay MacDonald: Honourable senators, Canada's voice to the world, Radio Canada International, has been affected by a crippling reduction in its operating budget. There is an impression that we have saved the shortwave service, but I feel I must again raise the question: At what cost?

Why have we decided to gut almost completely our most prominent and efficient method of presenting Canada to the rest of the world? There seems to be some confusion about the relationship between the CBC and Radio Canada International. It should be understood that the CBC and RCI are two separate and distinct organizations. CBC is only RCI's administrative home; the priorities of the shortwave service come from the Ministry of External Affairs. It guaranteed Canada a voice on the world stage to explain itself and its policies to a world audience.

For 46 years Radio Canada International has built a reputation second to none. With meagre resources and little fanfare RCI attracted 16 million listeners with honest, balanced journalism. What is the impact of our decision? A budget of $20 million has been reduced to $13.5 million. RCI has been forced to eliminate seven foreign language services: Japanese, German, Polish, Czech, Slovak, Hungarian, and Portuguese to Brazil. In fact, at the present time three quarters of RCI's programming has been eliminated and replaced by rebroadcasts of CBC domestic programming, not tailored to a foreign audience.

For instance, the Prime Minister recently returned from Japan where he showed how important an opening dialogue with Japan and other countries could be. Yet, at the same time that we opened a new embassy in Tokyo and appointed honorary consuls in three Japanese cities, we had eliminated Canada's broadcasts in Japanese.

Furthermore, how do we respond to a shocked international community, including the 16 member associations of the International Council of Canadian Studies, who question whether Canada is still interested in talking to the world?

They wrote on July 11, eight days ago—

> The work accomplished by Radio Canada International is extremely valuable and important to the international image of Canada. Furthermore, reducing drastically the programming of RCI at a time when Canadian Studies around the world is undergoing an unprecedented expansion, it is most distressing and discouraging for all of us involved in Canadian Studies. For many of the professors involved in the teaching of Canada around the world, RCI programming is a critical source of information, and, as such, it should be preserved.

On May 26th, Radio Moscow told the world that the RCI cuts was tantamount to "the silencing of Canada." Ironically, what used to be a highly efficient world class service with a relatively small budget has been turned into a expensive relay station—

The Hon. the Speaker: Honourable senators, according to Rule 19.(6): "Senators making . . ."

Hon. Senators: Oh! Oh!

Senator Perrault: He is in full flight.

The Hon. the Speaker: ". . . interventions during this time . . ." that is, reading statements . . . "shall be limited to speaking once for no more than three minutes; however, a Senator may seek leave to extend his or her remarks."

Therefore, if Senator MacDonald wishes to seek leave—

Hon. Thomas H. Lefebvre: No, no. He voted for the rules; let him abide by them.

UNITED NATION'S HUMAN RIGHTS COMMISSION

RIGHTS OF THE CHILD—CANADIAN RATIFICATION OF UN CONVENTION—SENATOR'S STATEMENT

Hon. Noel A. Kinsella: Honourable senators, Canada has been re-elected to a three year term as a member of the United

Nations Human Rights Commission. As honourable senators will know, it was the United Nations Human Rights Commission that oversaw the preparation of the United Nations Convention on the Rights of the Child. Today, officials responsible for human rights in the territories, provinces and federally are meeting in Charlottetown. One of the matters being addressed is the question of securing the agreement of all jurisdictions in Canada to permit Canadian ratification of the UN Convention on the Rights of the Child. Hopefully this ratification will take place in the near future.

Honourable senators will recall that Canada has signed the UN Convention on the Rights of the Child, but that ratification has not yet occurred because we must await the concurrence of all provinces and territories prior to this taking place.

Honourable senators, given the longstanding interest of this chamber in the Rights of the Child, whether highlighted by the work of the late Senator McGrand in his study, "Child at Risk", or the recent report of the Senate committee that dealt with child poverty, it would be helpful for the ratification process if honourable senators would support this process in the various parts of Canada.

RADIO CANADA INTERNATIONAL

EFFECT OF CUTBACKS—SENATOR'S STATEMENT

Hon. Raymond J. Perrault: Honourable senators, I should like to make a brief statement in support of the remarks made by Senator MacDonald of Halifax. Recently, when on an offshore mission, I was totally embarrassed when the presentation of Radio Canada International was abruptly cut at the 30 minute point, in mid-sentence. When I spoke to the Radio International people later, they told me that the budget restraints were such that they could not afford to broadcast for longer than 30 minutes. That is why they had interrupted the program *As It Happens* at the halfway point.

I wonder whether there are enough of us in Canada who realize the importance of the link which Radio Canada International provides with the rest of the world, and of how many Canadian travellers bring short wave radios with them in order to keep in contact with their nation when they are on offshore missions. I agree completely with the remarks of Senator MacDonald. I hope that we can mount enough support to change what I think is a totally addled policy.

HEALTH AND WELFARE

REDUCTION OF MEDICAL RESEARCH FUNDING—SENATOR'S STATEMENT

Hon. Sidney L. Buckwold: Honourable senators, this government pays only lip-service to the importance of research. We have seen a contradiction between government words and government action. Obviously all agree that research has to be the basis of the future growth and prosperity of this country, and I should like to refer to research in the field of medicine.

I recently received a letter from the Dean of Medicine of the University of Saskatchewan, which was addressed to the Prime Minister, in which he very dramatically pointed out the alarming reduction in funds available for medical research. He appealed to me and my colleagues in the Senate to do whatever we could to influence those who make the decision on the amount of funds to be made available for medical research.

I did not bring with me the letter of Dean McDonald in which he indicates the percentage of those who apply for grants for research and the disappointing number who are accepted, a number which is steadily decreasing as the years go by under this present government.

Honourable senators, I feel it is incumbent on all of us to do what we can to ensure the continuation of first class medical research in a country that has a well-deserved reputation in this field.

RULES OF THE SENATE

APPLICATION OF NEW RULES—QUESTION OF PRIVILEGE

Hon. Stanley Haidasz: Honourable senators, this is my first and earliest opportunity to rise on a question of privilege under rule 35 (1) of the new rules. I was grieved to learn yesterday of the summary passage of drastic changes to our rules in this chamber. Changes of consequence like these, which alter the very fabric of Parliament and the place of the upper chamber in the constitutional framework, surely ought to be taken only after the full advisement of the Senate, and then, in my opinion, only with a two-thirds majority. A two-thirds majority for constitutional changes, even for corrections to bad decisions, has been the traditional requirement in this chamber and in other upper houses in democratic parliaments.

• (1410)

In effect, rule changes such as those that are before us constitute a major rescission of many previous decisions and long-standing traditions. It is most unseemly that they should be changed, especially with the extensive novelties present in the current rule 33 on allocation of time for debates without a two-thirds consent in the house.

Honourable senators, in my opinion there has not as yet been adequate opportunity to assess the long-term implications of the rule changes that were so hastily voted in yesterday afternoon. Our Standing Rules and Orders committee, through which the proposed changes were channelled from the government caucus, failed to present to us any detailed assessment of its own; nor did it provide us with expert assessment of the implications of these rules from the testimony of parliamentary experts and authorities therein. Indeed, upon being questioned in this chamber on June 11, the chairman of our Senate committee—

Hon. C. William Doody (Deputy Leader of the Government): May I raise a point of order?

Senator Haidasz: —by expertise on loan from the other place—

Senator Doody: Senator Haidasz has raised a question of privilege. According to the rules under which we are now operating—

Senator Haidasz: —promoted by the Progressive Conservative public relations staff of whose activities—

Senator Doody: —I must point out to honourable senators that—

Senator Haidasz: —had little knowledge —

The Hon. the Speaker: Order, please!

Hon. Orville H. Phillips: Sit down!

The Hon. the Speaker: There is a point of order, Senator Haidasz, on your intervention.

Senator Phillips: That is ignorant!

Senator Doody: Honourable senators, concerning rule 35, which Senator Haidasz referred to a few minutes ago, rule 35(3) clearly says:

> (3) Except as provided in section (4) below, a Senator wishing to raise a question of privilege shall, at least three hours before the Senate meets for the transaction of business, give a written notice of such question to the Clerk of the Senate.

I would ask the Table this: If such notice has been given why have the senators present not been informed that the question was to be raised? The exception that I mentioned a minute ago is as follows:

> (4) A Senator wishing to raise a question of privilege on a Friday shall, at not later than 6:00 o'clock p.m. on the immediately preceding Thursday, give a written notice of such question to the Clerk of the Senate.

That is the only exception. If Senator Haidasz has given notice of his question of privilege, then certainly we would be prepared to look at it, read it and study it; otherwise, the honourable senator is out of order and will have to wait for another time to raise his question.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the only problem with the very point raised by Senator Doody is that under these new rules—I suppose we could call them Robertson's Rules—the Speaker just called "Routine Proceedings." These so-called rules say that during the time provide for the consideration of the Daily Routine of Business—which is what we are under—it shall not be in order to raise any question of privilege or point of order.

Senator Doody: Then the senator is out of order anyway.

Senator Frith: But you cannot stop him, because you cannot raise a point of order under these silly rules.

Senator Haidasz: Honourable senators, the main reply—

Senator Doody: Honourable senators, I bring this to the attention of the Senate and to the Chair—

Senator Frith: You cannot raise a point of order at this stage of the proceedings under these rules—Rule 20(1).

Senator Doody: —and the Chair will take the necessary action.

Senator Frith: You have to wait until the "Daily Routine of Business," is through. Your own rules—your own crazy rules—provide that you cannot raise a point of order at this stage of the proceedings. These are your rules! That is what it says.

The Hon. the Speaker: Honourable senators, the point of privilege of Senator Haidasz is to question the decision of the Senate that was taken yesterday. I do not think he can do that. Furthermore, rule 35.(2), which Senator Haidasz quoted, states:

> If the matter is not raised at the earliest opportunity, the Senator raising the matter may put it on notice, but the matter cannot be proceeded with under the terms of this Rule.

Paragraph (3) states:

> Except as provided in section (4) below, . . .

This section was just read; it goes on to state:

> . . . a Senator wishing to raise a question of privilege shall, at least three hours before the Senate meets for the transaction of business, give a written notice of such question to the Clerk of the Senate.

I understand that the Clerk has not received that notice.

Senator Frith: Yes; but you can only rise and stop him, as Senator Doody wished to do, by raising a point of order. Your Honour called "Routine Proceedings." For the very first time that we have to deal with these rules, do I take it that you will not enforce them? No one can call order because of new rule 20(1).

The rules—your rules—say that "During the time provided for the consideration of the Daily Routine of Business", which is now, "it shall not be in order to raise any question of privilege or point of order."

Hon. Lowell Murray (Leader of the Government): Nor should it be necessary. The rule is very clear. The Honourable Senator Haidasz may proceed, if he has given three hour's notice, and then before Routine Proceedings are called.

Senator Frith: How can you stop him? The only way you can stop him is to raise a point of order, and you cannot raise a point of order, under your own rules at this time, under this heading.

Senator Murray: That is not true. It is up to the presiding officer to enforce the rules, and he should intervene—

Senator Frith: It doesn't say that.

Senator Murray: Of course it does, and he should intervene and rule out of order what the honourable senator is doing, period.

Senator Frith: He does not have that authority, because a point of order cannot be raised at this stage of the proceedings, according to your own rules. So neither you nor the Speaker nor anyone can stop him.

Go ahead, Stan, nothing can stop you. Their own silly rules have produced that result.

Senator Haidasz: Honourable senators—

Senator Frith: Groan away over there; they are your words.

The Hon. the Speaker: Senator Haidasz, you are out of order.

Senator Frith: Don't tell me you intend to come at this again, to break even these new rules?

The Hon. the Speaker: Well, I am interpreting the rules.

Senator Frith: What a joke this place is.

Senator Haidasz: Honourable senators, Mr. Speaker—

The Hon. the Speaker: My ruling can be appealed, but, according to my ruling, I find you out of order, Senator Haidasz. You can give notice to the Clerk three hours before the next sitting, but that is what the new rules state.

Senator Frith: The Speaker is now coming in again and telling us what we are to do. You adopted these rules yesterday; they are your rules and they state that a point of order cannot be raised at this stage, period; so go ahead, Stan.

Senator Haidasz: Honourable senators—

Hon. Duff Roblin: Honourable senators, I am not raising a point of order, but if my friends will look at rule 16(1) to see what the role of the Speaker is—

Senator Haidasz: Honourable senators—

The Hon. the Speaker: I am sorry, Senator Haidasz, but you are out of order. If you want to appeal the decision, then do so.

Senator Frith: You are not entitled to call them to order. Sit down!

The Hon. the Speaker: I won't sit down, Senator Frith. You are not going to give me orders.

Senator Frith: Keep going, Stan, he can't stop you.

The Hon. the Speaker: Senator Haidasz, you are out of order. The Senate can appeal my ruling at any time, but my ruling right now is that Senator Haidasz is out of order.

Senator Frith: Don't argue, just keep talking. He has no right to stop you.

• (1420)

Senator Haidasz: Notwithstanding the confusion, honourable senators, as this is my earliest opportunity to raise my question of privilege as a parliamentarian—

An Hon. Senator: Sit down!

Senator Haidasz: It is my privilege, and your privilege. I am defending your privileges, too, to stand up now and say something.

Senator Frith: Keep reading. No one can stop you.

Senator Haidasz: Honourable senators, on being questioned in this chamber on June 11, the chairman of our committee conceded, in—

The Hon. the Speaker: Senator Haidasz, you are out of order.

Senator Frith: How do you like your new rules?

[Senator Frith.]

The Hon. the Speaker: Pursuant to rule 16(1), I suspend the sitting to the call of the Chair.

The sitting of the Senate was suspended.

At 3.15 p.m. the sitting of the Senate was resumed.

SPEAKER'S RULING

The Hon. the Speaker: Honourable senators, I would like, first of all, to apologize for the fact that the ruling is in only one language. My discussions were in English, and I hope that my French-speaking colleagues will not mind. It will, of course, be translated.

During proceedings earlier today, Honourable Senator Haidasz rose to present a point of privilege. While he was doing so, the Honourable Senator Doody rose on a point of order to the effect that under rule 35 (3), notice is required for the presentation of points of privilege. The Honourable Senator Frith, under rule 20(1), correctly noted that points of order cannot be raised under the heading of Routine Proceedings. This rule states:

> During the time provided for the consideration of Daily Routine of Business and the daily Question Period, it shall not be in order to raise any question of privilege or point of order. Any question of privilege or point of order to be raised in relation to any notice given during this time can only be raised at the time the Order is first called for consideration by the Senate.

However, I note under rule 16(1) the Speaker can intervene in the debate in order to enforce the *Rules of the Senate*. I attempted to do so earlier today.

With regard to the presentation of the point of privilege, I refer all honourable senators to rule 35(3).

Senator Leblanc: What page is that, Mr. Speaker?

The Hon. the Speaker: Rule 35 is on pages 40 and 41. Rule 35(3) is on page 41. It reads:

> Except as provided in section (4) below, a Senator wishing to raise a question of privilege shall, at least 3 hours before the Senate meets for the transaction of business, give a written notice of such question to the Clerk of the Senate.

No notice was received by the Clerk. The point of privilege cannot be raised today. I urge the Honourable Senator Haidasz to comply with rule 35(3) and to give notice. This point of privilege can be raised first thing tomorrow morning after Prayers.

However, I should like to point out to honourable senators that because this is the first day for proceeding under the new rules, if honourable senators wish to extend the courtesy to Senator Haidasz, after Orders of the Day and Business of the Senate, to finish his point, I would urge honourable senators to do so.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I agree, and I do not intend to force the issue at this time. However, I do not want it to be taken that I have

waived the point if it arises again. In my opinion, Senator Haidasz was out of order under the new rules. However, because of the way these rules are worded, anyone who stands up during the Daily Routine of Business and does something out of order cannot be called to order because the point of order cannot be raised. That may arise again, and, if it does, I do not want to be taken as having waived it.

The other point I wish to make is that, in my view, the Speaker was not entitled to intervene under rule 16 because rule 16 gives him the authority to interrupt debate, and that was not debate. "Debate" is debate on a question before the chamber and debate is defined as that which takes place—and the reference can be found in Beauchesne; it is not defined in the old rules or the new rules—between the putting of the question and the vote. So what the Speaker interrupted was not debate, and he did not have the authority to do it under rule 16. Subject to its being clear that I do not waive my position on either of those points, I think we have found a solution.

Senator Murray: Nor do we.

The Hon. the Speaker: So, to revert to the Order of Business—

Senator Frith: My indication is that we will go to the mat on it anytime. And in Robertson's new rules, there are many mats and many mines. If it were not so, I would not tell you.

• (1430)

Senator Haidasz: Honourable senators—

An Hon. Senator: No, no.

Senator Frith: I thought you were going to let him finish?

Senator Phillips: After Orders of the Day.

BUSINESS OF THE SENATE

TABLING OF DOCUMENTS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I would draw the attention of the Senate to the fact that the Tabling of Documents is the time when the Deputy Leader has been in the habit of reading all the statutory titles that have to be tabled. Under these rules, these documents will be tabled automatically and printed as part of the proceedings of the day.

COMMITTEE OF SELECTION

FOURTH REPORT PRESENTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, June 19, 1991

The Committee of Selection has the honour to present its

FOURTH REPORT

Pursuant to the *Rules of the Senate*, your Committee submits herewith the list of Senators nominated by it to serve on the following select committees:

SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

The Honourable Senators Cochrane, David, DeWare, Di Nino, Kinsella, Lavoie-Roux *MacEachen (or Frith), Marshall and *Murray (or Doody).

**Ex officio* members

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

The Honourable Senators Barootes, Bélisle, Forrestall, Lynch-Staunton, *MacEachen (or Frith), *Murray (or Doody), Ross, Rossiter and Spivak.

**Ex officio* members

SENATE COMMITTEE ON FISHERIES

The Honourable Senators Carney, Comeau, Johnson, *MacEachen (or Frith), Marshall, *Murray (or Doody), Robertson, Rossiter and Sylvain.

**Ex officio* members

SENATE COMMITTEE ON ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

The Honourable Senators Buchanan, Carney, Grimard, Kelly, *MacEachen (or Frith), *Murray (or Doody), Ottenheimer, Poitras and Roblin.

**Ex officio* members

SENATE COMMITTEE ON ABORIGINAL PEOPLES

The Honourable Senators Di Nino, Lavoie-Roux, MacDonald (Halifax), *MacEachen (or Frith), Muir, *Murray (or Doody), Spivak, Tremblay and Twinn.

**Ex officio* members

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

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

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

THIRTY-SECOND ANNUAL MEETING HELD IN KANANASKIS, ALBERTA—REPORT OF CANADIAN SECTION PRESENTED

Hon. R. James Balfour: Honourable senators, I have the honour to present the report of the thirty-second annual meeting of the Canada-United States Inter-Parliamentary Group, Canadian section, in both official languages, held in Kananaskis, Alberta, on May 23 to May 27, 1991.

Report presented.

RULES OF THE SENATE

NOTICE OF MOTION TO RESCIND ADOPTION OF NEW RULES

Hon. Stanley Haidasz: Honourable senators, I give notice that, at the next sitting of the Senate, pursuant TO rule 35(2), I will move:

> That the resolution of this house to adopt the proposed rule changes as presented in the First Report of the Standing Committee on Standing Rules and Orders passed on June 18, 1991, without the evidence of expert witnesses on the constitutional effects thereof, was in error and that it be rescinded.

● (1530)

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present a petition signed by 222 citizens of the province of Ontario who are against the Goods and Services Tax. These petitions are principally from Rexdale, Dunville, Hamilton, Richmond, Welland, Ottawa and Port Colborne.

I also have a petition signed by 21 residents of Grimshaw, Fairview and Peace River in Alberta, who ask the Senate to reject the new Goods and Services Tax.

QUESTION PERIOD

NATIONAL FINANCE

CLOSURE OF BASES—REQUEST FOR INFORMATION—ANNOUNCEMENT OF DEFENCE POLICY

Hon. Gildas Molgat: Honourable senators, I wonder if the Leader of the Government in the Senate has anything further to tell us regarding the proposed closing of military bases? Senator Bonnell yesterday raised the question of the base at Shilo in my province, and obviously the people in that area are vitally concerned. Has the minister anything further to tell us on the matter?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the situation is exactly as I described it yesterday. The government will be considering in due course the nation's defence policy in light of the changing geopolitical situation in the world and other factors. If there are decisions to be made in respect of particular bases, here or abroad, or in respect to personnel levels in the armed forces, those decisions will be taken and announced at that time. What I tried to emphasize in my exchange with Senator Bonnell yesterday is that no such decisions have been taken because we have not concluded our consideration of overall defence policy.

[The Hon. the Speaker.]

Senator Molgat: Will the minister then undertake to tell us whether the government will be prepared, at the same time as it announces any closing of bases, to give us the overall National Defence policy? Will the two be presented to us at the same time?

Senator Murray: Honourable senators, I would certainly hope and expect that any decision with regard to the deployment of our forces or with regard to military bases, here or abroad, would be accompanied by a statement of the policy rationale for those decisions. So the short answer to the honourable senator's question is yes.

DEFENCE POLICIES OF MR. ROBERT HICKS, M.P.—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, in view of the fact that just yesterday, after the Leader of the Government in the Senate and I had some information passed across the floor about National Defence policy, I understand that a press conference was called. One of the members of the government side in the other place, a Mr. Hicks, presented a paper spelling out the defence policies that he thought were appropriate for the country at this time. Since he is a government member in the other place and the chairman of the committee responsible for defence and NATO, is the policy laid out by Mr. Hicks, M.P., the same policy as the government hopes to accept as their policy as soon as the inner cabinet can deal with the base at Shilo?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must confess that I have not read the document authored by Mr. Bob Hicks, M.P., so I cannot comment personally on it. In so far as the policy of the government is concerned, and Mr. Hicks' position, Mr. Hicks is a valued member of the caucus of the Progressive Conservative Party in the other place; but Senator Bonnell, as a former Minister of the Crown in his province, will understand that Mr. Hicks is not authorized to speak for the government, and his statements do not bind the government because he is not a member of the cabinet.

Senator Bonnell: I understand, honourable senators, that he is not a member of the cabinet, and I understand that his policy proposal will not bind the government; but it seems strange to a Prince Edward Islander that a member of the Conservative caucus can be coming forward, a few days before the government, with a National Defence policy for Canada.

Hon. Gérald J. Comeau: Does the member not have a right to his opinion?

Senator Bonnell: Yes, he has all the right in the world to it, but it seems strange that a member of the Conservative caucus, the head of our NATO organization in the Parliament of Canada, would come out with a defence policy of his own one or two days before the minister comes forth with his policy. Is there any connection between the two?

• (1540)

Senator Murray: Honourable senators, the short answer to that question again is in the negative. I do not know why it appears strange to the honourable senator that a private member of Parliament, especially one with a good deal of experience with the NATO parliamentarians, would set forth in a written document his views on what should be an appropriate defence policy for Canada. It seems perfectly normal to me that that should happen; but I have to emphasize again that, as a minister speaking for the government, we, of course, are not bound by and do not take collective responsibility for the views expressed by our friend, Mr. Hicks, or anyone else outside the government.

Senator Bonnell: Would the government take advice from Mr. Hicks not necessarily do exactly what he says, but, taking into consideration the experience of this man who seems to know all the answers, would the government take into consideration his policy before it comes out with its policy?

Senator Murray: Honourable senators, that question gives me the opportunity to correct an earlier statement by Senator Bonnell to the effect that an announcement is expected by Mr. Marcel Masse within a day or two regarding the results of the government's review of defence policy. I do not expect that such an announcement will be made in the timeframe referred to by Senator Bonnell.

Further to that, and with regard to the question he has just put, I can only say that the views of Mr. Hicks are deserving of the utmost respect and attention, and they will receive exactly that from the members of cabinet as we review the nation's defence policy.

Senator Bonnell: Honourable senators, I get the impression from the Leader of the Government in the Senate that the implementation of this policy is to wait until after the summer recess. That way, questions cannot be asked about it on the floor of the house, there will be no opportunity to debate the policy, and the press will not be able to get details of all pros and cons beforehand. That does not seem to be the very best method of coming out with a policy for the country.

I am rather surprised, and I suppose that the people of Gander, Newfoundland and Labrador will be disappointed like those of Summerside have been. I would like to see this policy put before Parliament before we go home for the summer; otherwise people will be wallowing around in the mud until September.

Senator Murray: Honourable senators, I can only say that we cannot announce the policy before we have arrived at it.

FOREIGN AFFAIRS

SOUTH AFRICA—REMOVAL OF CANADIAN SANCTIONS—GOVERNMENT POLICY

Hon. M. Lorne Bonnell: Honourable senators, I noticed today that President Bush has said that the United States will remove the sanctions against South Africa next month. Since the present government seems to be a better follower than a leader, is it true that it will then follow Mr. Bush's lead and remove the sanctions against South Africa after the passage of the bill which did away with apartheid?

Hon. Lowell Murray (Leader of the Government): Honourable senators, if Senator Bonnell would take the trouble to examine statements that have been made by many of the leaders of the Commonwealth nations, and in particular the front line states, he would see that they regard Canada as a real leader in the Councils of the Commonwealth. When it comes to the international battle against apartheid, Canada has been a leader, not a follower, and we insist that the most effective action against apartheid—and I think we have the proof of it—is concerted action involving the entire international community.

Having said that, I can only repeat what I said yesterday that I have no announcement to make on behalf of the Secretary of State for External Affairs on that matter beyond saying that we welcome the repeal of the last major pillar of apartheid as a major breakthrough for South Africa. Its repeal is a significant victory for all those who have fought apartheid for so many years. As I indicated, we can take some satisfaction as Canadians that our efforts to bring an end to apartheid are bearing fruit.

The recent repeal, announced by the President of South Africa, meets a major condition of the Commonwealth Foreign Ministers' Meeting in February. Such action was required before the lifting of Commonwealth sanctions could be considered. The other conditions, the freeing of political prisoners, opening the way for the return of exiles and review of security legislation, still have not been fully addressed. We call on the South African government to move rapidly and creatively to resolve these remaining issues so that formal constitutional negotiations can soon begin.

Senator Bonnell: That is a very good statement. However, since he has stated that Canada is a leader in the Commonwealth group, the front line nations of Africa, can the Leader of the Government indicate whether any consideration has been given by the Government of Canada to inviting South Africa back into the Commonwealth because of the great changes they are making in that country?

Senator Murray: That step would be premature at the moment, senator.

HEALTH AND WELFARE

ELIMINATION OF NATIONAL HEALTH CARE SYSTEM—
GOVERNMENT POLICY

Hon. M. Lorne Bonnell: Honourable senators, before I am cut off, since there is now a time limit as to how long we can ask questions, I note that I still have a few minutes—

Senator Doody: No, you do not. We are in a hurry.

Senator Bonnell: I will move fast. In view of the fact that the Ministers of Health from across Canada are meeting in Toronto, that the Minister of Health for the province of Quebec, would like to have some more tax points for the province of Quebec and for that province to run its own medicare and national health care system, has any thought been given by the Government of Canada to back out of the national health program, or to do away with medicare as we know it today, and leave the people of the different provinces to fend for themselves?

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

Senator Bonnell: Not at this time? Do you mean, no, not at this time, or do you mean, no, never?

Senator Murray: I mean, no, honourable senators.

THE CONSTITUTION

RESPONSIBILITY FOR FEDERAL-PROVINCIAL RELATIONS—
GOVERNMENT POLICY

Hon. Gildas L. Molgat: Honourable senators, some time ago it was announced that Mr. Clark would now be responsible for dealing with the provinces on matters of the Constitution. At that time many of us felt that this was a welcome departure. However, recently the announcement was made that the staff individual responsible to Mr. Clark, indicating a separate structure, had been removed and that Mr. Clark would have as his chief of staff person the individual responsible directly to the Prime Minister.

Does this mean that the Prime Minister will once again be the prime actor in the area of constitutional reform in this country? Will the Prime Minister's Office in fact be in control rather than Mr. Clark operating independently?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my honourable friend will perhaps know that over the years the responsibility at the public service level for coordinating federal-provincial relations has sometimes rested with the Clerk of the Privy Council and sometimes with a separate federal-provincial relations office. The latter was first established under the Trudeau government with Mr. Gordon Robertson at its head.

● (1550)

A decision has been made to return to the previous situation in which the federal-provincial relations office is under the direction of the Clerk of the Privy Council. I do not know what more I can add to this.

[Senator Murray.]

The honourable senator points out that the Clerk of the Privy Council is responsible to the Prime Minister. All members of the Privy Council are appointed by the Prime Minister and are responsible to him. Is Mr. Clark independent? He is as independent as he ever was, or as any minister is, and the fact of the matter is, as the honourable senator knows, that the Prime Minister is, as the doctrine has it, *primus inter pares*; he is pre-eminent, especially in areas, I would say—

Hon. Philippe Deane Gigantès: Would you stand at your seat? The microphone is not picking you up. I do not want to miss one word.

Senator Murray: I thank the honourable senator for his interest. The Prime Minister is, as the doctrine would have it, *primus inter pares*. He is pre-eminent, especially in matters regarding foreign relations and intergovernmental relations; so nothing has changed at all in that respect.

GOVERNMENT BUSINESS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, under the Orders of the Day, as honourable senators are aware, under these rules the government side calls the government business with which it wishes to deal. I think the proper way to go about it would be that at some given time during the week, presumably on a Thursday, the government would indicate to the Senate which orders of business it wished to deal with, in what order and on what days, and so on.

In keeping with that statement, I would like to let the Senate know what business is before us and let the Senate decide how much time it wishes to devote to consideration of these matters.

The first and most important item, in my opinion, is the Appropriations Bill which is before us today. That would be called for discussion as the second order of business this afternoon. The first order of business would be the consideration of the report of the Senate Finance committee which is directly linked to the Appropriations Bill since it reports on the consideration of the Main Estimates—an interim report, I might add. The Main Estimates would still be before that committee for further consideration at its pleasure.

I would also like to mention that Bills C-15 and C-14, which are also on the Order Paper, will not be called today. Indeed, it is not our intention to call them until we come back in the fall.

Bill C-8, a bill dealing with a crown corporation, is before the Banking, Trade and Commerce committee and I trust that the committee will find time to consider that and report it back to the Senate so that we can look at it at the report stage and third reading before we take a recess.

I am told that there are three pieces of legislation coming to us when the House of Commons finishes with them today. It is my understanding that the members of the House of Commons will clear up their business sometime today or tonight. They may sit later tonight. The three bills that they will consider

and, I understand, have an agreement to pass, are the Energy Board bill, C-2; the arms export bill, which is C-6, and the money laundering bill, which is C-9. I understand that all three of these bills will be with us for tomorrow. It is the wish of the government that all three of these bills be passed before we adjourn.

I would also like to report that there are two other matters with which we have to deal. The first is the appointment of the Official Languages Commissioner and the second is the consideration of the establishment of the joint committee on the constitution. Both of these matters are being dealt with in the Commons today and I anticipate that we will have messages regarding them tomorrow.

That, honourable senators, is pretty much the business that we have before us for consideration before we leave. I know that we will be sitting at ten o'clock tomorrow morning to receive the report of the Beaudoin-Edwards Committee. It may be the wish of honourable senators to continue with the business at that time and try to deal with as much as we can tomorrow, and perhaps tomorrow evening and Friday, or whatever is the wish of the majority of honourable senators present. We are open on that. If it is the wish of the Senate not to put in the extra hours toward the end of this week, certainly we are available to come back next week and, if that happens, we would come back on Tuesday and pick up where we left off.

Having said that, honourable senators, I would now call the first order, which is the consideration—

Hon. Gildas L. Molgat: On a point of order, would you permit a question?

Senator Doody: Yes, certainly.

Senator Molgat: I wonder, if it is now to be the standard order of the business of the Senate that we would wait until we reach number 15, as we have today, to find out what is the order of business for the day, or will there be some advance notice to senators as to what we might expect to be discussing?

Senator Doody: I took some pains to say in the beginning that I think the sensible way to approach this new order, as it were, would be for the government side to stand on Thursday and announce the business for the following week and, as much as it can, the order in which it would like these matters to be dealt with—bills, motions, whatever—so that the Senate will know on Thursday how much work it will have to deal with the following week in order that senators can make their time allocations correspond to the work schedule of the Senate. I think that if we do it in a reasonable way it should serve us as a better vehicle for the proper use of our time. I think we can probably do it in a more businesslike way than in the somewhat haphazard system that we have before us now.

This is the first exposure to it and I cannot guarantee at this point how well it will work, but it certainly appears to have the makings of a very much improved system.

Hon. Peter Bosa: Honourable senators, I wonder if I could put a question to the Deputy Leader. Bill S-4 is standing in the name of Senator Buckwold. It was his intention to have someone move third reading of the bill today. Does the program that the Deputy Leader has announced this afternoon preclude the motion for third reading of this bill?

Senator Doody: I spoke only of government business on the order paper. Following the consideration of government business there is a section entitled "Other Business." That includes private bills, public bills, and so on. It is not my business to call them or to say in which order they will be considered. They will fall in order, as they normally did, after the consideration of government business. If someone wishes to move the third reading of that bill on behalf of Senator Buckwold after these two government orders are considered, that is certainly in order and certainly proper. Following the consideration of these private and public bills, other business, which includes the consideration of inquiries and matters of that nature, can be considered in the same way they always have been.

Hon. Eymard G. Corbin: I have a question for Senator Doody, if I may. The case was made that it was necessary to go back to the previous practice of pre-studying bills. I did not hear you today make any suggestion of pre-study of bills now being considered by the House of Commons in order to expedite their consideration when they arrive here in due form.

Senator Doody: I did not mention that because I did not think it was necessary. I have no intention of asking for pre-study on any of these bills. They will be up here for first reading tomorrow. My information is that these are non-contentious bills which will be supported pretty generally in the House of Commons and will receive pretty quick treatment. I see no need for a pre-study on any of them at this point, nor on any of the items that are currently before us.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I want to be sure my notes are right. I understand that there is some understanding about meeting at ten o'clock tomorrow in order to deal with a report. If I heard right, Senator Doody said that it may transpire that we will continue after that to deal with business. That is the way it stands?

Senator Doody: Yes; there was no commitment from the Senate yesterday, nor I did ask for one, that we will continue on past the receiving of that report, because I really had no information—

Senator Frith: After ten and before two?

Senator Doody: That is right. I had not asked for the Senate to sit during that time because I had no indication of what the order of business might be from the House of Commons. Now that we know what we are facing tomorrow, it may be that senators will want to use that two hours to consider those matters. If so, the government side is perfectly willing, indeed pleased, if that were to happen.

● (1600)

Senator Murray reminds me of an important factor that I did not mention. The ministers responsible for these various bills will be available for consideration of those bills in Com-

mittee of the Whole should the Senate wish to go in that direction as we move through them tomorrow, tomorrow tonight, Friday, next Tuesday, or whenever.

The first order that I should like to call is the consideration of the Second Report of the Standing Senate Committee on National Finance (Main Estimates), standing in the name of Senator Bolduc.

Senator Frith: What number is it?

Senator Doody: It is No. 2 under "Reports of Committees."

Senator Frith is right. Under the heading "Government Business, Bills:" number two is the bill; but under "Reports of Committees" number two is the Finance committee's report. That is the order that I called first.

Senator Frith: Wait until I find it. Where is it?

Senator Murray: It is on page four.

[*Translation*]

THE ESTIMATES, 1991-92

SECOND REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

The Senate proceed to consideration of the Second Report of the Standing Committee on National Finance concerning the Main Estimates, which was presented on Tuesday, June 18, 1991.

Hon. Roch Bolduc: Honourable senators, the committee met on June 18, 1991, to review the 1991-92 Estimates referred to the committee for consideration on June 13. The President of the Treasury Board was unable to appear before the committee on such short notice, but he was well represented by the Secretary and two Deputy Secretaries of the Board, and by the Comptroller General of Canada. Furthermore, despite the limited time available to the committee to examine the estimates for all federal departments and agencies for 1991-92, the committee's meeting on the subject was very productive and useful. The National Finance Committee will maintain the order of reference concerning the Estimates for the rest of the fiscal year and will schedule further meetings for the purpose of examining the Estimates in the months to come. I would like to take this opportunity to ask committee members for their cooperation in this respect and I would also invite other honourable senators who might be interested to attend the committee's meeting.

[*English*]

A number of specific questions were directed by committee members to the Treasury Board officials, as indicated in the report. One concerned the increase of 6.9 percent in overall program spending as compared with the 1990-91 Main Estimates. This is mainly due to anticipated increases in unemployment insurance payments resulting from the current recession. As well, Old Age Security payments will rise by over $1 billion in 1991-92 because of the general aging of the population.

The estimates of the new Ministry of State (Multiculturalism and Citizenship) will decrease by $48.5 million, or 31 percent. Some $52 million was spent by this ministry for redress payments to Japanese-Canadians in 1990-91 and a similar amount is not needed in 1991-92.

The estimates of the Department of National Defence are to increase by $825 million, or 6.9 percent this year. Much of this amount was allocated when the Persian Gulf War was in progress. The exact cost of the Gulf operations has yet to be determined, but Treasury Board officials assured the committee that any amounts not required would be lapsed and returned by the department to the Consolidated Revenue Fund.

As well, any possible further cuts in defence expenditures, for example, resulting from reduction in Canadian Forces stationed in Germany, are not reflected in the estimates of this department.

Members also requested more information on the 10 percent reduction in the management category of the Public Service that was announced in the February 1991 Budget. In order to achieve this overall reduction, which amounts to some 475 management person-years, most departments were represented by Treasury Board with a targeted decrease of 12 percent. This will exempt small departments and agencies, in particular those having a management complement of 10 or fewer, from reductions that would make it impossible for them to function.

The issue was also raised of the living allowances and other benefits paid to employees of the Department of External Affairs who are posted overseas. Officials responded that the department undertook a corporate review, with the involvement of Treasury Board, that addressed this question among others. The allowances are subject to negotiation with foreign service union representatives but are regularly reviewed by Treasury Board, using data from Statistics Canada and information on the treatment of their diplomats by other countries. The intention is to maintain foreign service officers at a standard of living equivalent to but no higher than, what they enjoy in Ottawa.

Finally, committee members inquired about the use being made of program evaluations when resources are being allocated in the Estimates. This subject is of particular interest to your committee, which, as honourable senators know, completed their report on the program evaluation system earlier this year. The Comptroller General assured the committee that the program evaluation function, although designed as a tool for senior management, is an integral part of the resource allocation process. I am sure that the committee will return to this issue in its future reviews of Main and Supplementary Estimates.

Honourable senators, your committee customarily undertakes a major study each year under its Estimates reference. We have yet to decide on the subject matter for this year's study, although a review of Public Service 2000 and related matters might seem appropriate and timely in view of the legislation on the reorganizing of the Public Service that has just been introduced in the House of Commons. As well, such an inquiry, in exploring particular aspects of public adminis-

tration, would be a logical sequel to the committee's report on the program evaluation system.

I would like to emphasize that the National Finance committee has achieved an enviable reputation from the studies it has undertaken and the reports that it has tabled over a period of many years. The government has taken our recommendations into account when formulating new policies and programs and redesigning existing ones. Therefore, it is my hope that your committee will see fit to continue this effective tradition by undertaking another substantive and worthwhile study during the months ahead.

Hon. Fernand-E. Leblanc: Liberal senators, I was particularly heartened when I read the last paragraph of the National Finance committee's report on the Main Estimates. It states:

[*Translation*]

> Your Committee customarily undertakes a major study each year under the reference of the Estimates. The subject of the study and of the final report on the Estimates have not yet been decided.

That is what the Hon. Senator Bolduc just told us, for that matter.

> However, an examination of Public Service 2000 and other aspects of the management of the Public Service might form an appropriate sequel to the Committee's study of the program evaluation system during the 1990-91 fiscal year.

[*English*]

That paragraph is a reminder to all of us concerned with the work done by the National Finance committee in the past that there is a need for this committee to continue to examine, under the order of reference of the Main Estimates, those matters of concern to it.

• (1610)

In March of 1990 the Main Estimates were referred to the committee. The outcome of that referral was a report on the program evaluation system in the Government of Canada. While not equally appreciated by everyone in the Public Service, despite the fact that we were trying to be helpful, the report has had some impact if we may judge from the remarks made yesterday at the National Finance committee by representatives from the Office of the Comptroller General. I wish to quote from the "blues" of that meeting, where Mr. Macdonald stated:

> . . . this committee spent a lot of time reviewing evaluations and issued a report on it . . . I think the evidence that you had an opportunity to review over the past year . . . has indicated that evaluations are in fact used by management.
>
> There are numerous reallocations within departmental operations that are directly the result of program evaluation studies carried on inside.

A little later, he states:

> I think the evaluations are coming along quite well. We have just undertaken, or are in the process of undertaking, a review of our current evaluation policy and we have been talking to departments as to how they feel about it.

This indicates to me that the program evaluation report has been timely and may well be effective.

At my request some years ago the Library of Parliament prepared a study of the National Finance committee entitled: *Bref Historique du Comité Sénatorial Permanent Des Finances Nationales* in which it remarked that by the 1980s, the work of the committee had begun to extend.

[*Translation*]

Allow me to quote from page 27 of the French version of this background prepared by Helen McKenzie and Luc Fortin from the Political and Social Affairs Division of the Library of Parliament. This research was conducted on March 16, 1989, and updated on August 31, 1989. Page 27 reads as follows:

> Participation of the Committee to the Federal Spending Review Process
>
> Throughout its proceedings, the National Finance Committee fulfilled its primary function which is to control government expenditures. In reviewing the Main and Supplementary Estimates, the Committee paid special attention to a number of important issues.
>
> Since the early 1980s, the regular committee work has expanded tremendously compared to previous years. In addition to reviewing the Estimates, the Committee considered bills dealing with such issues as government loans, wage restraint in the public sector, fiscal arrangements with the provinces, federal public service organization, financial assistance to industrial and regional development.

This is a rather long document. I will jump to the conclusion, on page 39, which reads:

> The nature of the work of the National Finance Committee has changed a great deal over the years since it was established in 1919. It is also more important. The Committee has a number of outstanding accomplishments to its credit regarding the operation of the departments which illustrates what can be achieved through parliamentary committees.

A few of these feats are particularly noteworthy, namely:

> A. Departmental Spending Review
>
> The Committee has produced evidence that government estimates reviews give better results when the entire expenditure structure and lay-out procedure are being considered prior to undertaking an in-depth review of a particular department or program.
>
> B. Inquiry
>
> Perhaps for the first time ever, it has been established that a parliamentary committee can carry out . . .

And this is an important point.

> . . . a usefull inquiry into a department or a program without requiring a major outlay of funds for additional staff or expertise.

I will now turn to page 40:

D. Effectiveness

Over the years the Finance Committee has demonstrated a remarkable level of impartiality and co-operation in its activities. The Senate agreed with the precedent of allowing an opposition member to chair the committee.

Although committee members were often highly partisan politicians, they did not allow their personal opinions to undermine the effectiveness of the committee's work as a whole. As a result, bureaucrats started to perceive the work done by the committee as a means of truly improving the operations of their departments and their accountability to Parliament; that is why they agreed to co-operate, which in turn gave the committee better access to the information it needed.

Briefly, the responsibilites of the Senate's Finance Committee, which had consisted essentially in viewing the Estimates and expenditure control bills, were expanded in 1970 to include a review of the general accountability of the executive power to Parliament. According to Senator Everett, the committee managed to prove that parliamentary committees can, through their activities, have an impact on government spending, the activities of departments, the implementation of government programs and even political policy, and all at very reasonable cost.

[*English*]

A great deal of the preparation following the hearings which lead to the most recent report program evaluation was carried out by the director of research, who, through the summer of 1990, in conjunction with the Clerk of the Committee, contacted heads of departments for their views. There was also, under my direction, extensive correspondence. As I said, that work was carried on throughout the summer months while the Senate was in recess. Summer research is an important aspect of the committee's ultimate work on Main Estimates. It allows progress to be made throughout what are otherwise less active months.

● (1620)

Honourable senators, I would not like the National Finance committee of the Senate to lose the reputation that it has gained over many years. I urge committee members to continue with the research program that they began so that by the autumn of 1991 substantial progress toward the goal of the committee may be reached. Thank you, honourable senators.

Hon. Senators: Hear, hear!

Motion agreed to and report adopted.

GOVERNMENT BUSINESS

Hon. Lowell Murray (Leader of the Government): Honourable senators, at this point I should like to call order No. 2 under Government Business, Bills, which is the motion for second reading of Bill C-24.

[Senator Leblanc.]

Hon. Royce Frith (Deputy Leader of the Opposition): Because that is the order in which Senator Doody said he would call the business?

Senator Murray: Yes, because the Deputy Leader of the Government gave notice that he would call the business in that order today.

APPROPRIATION BILL NO. 2, 1991-92

SECOND READING

Hon. Lowell Murray (Leader of the Government) moved the second reading of Bill C-24, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1992.

He said: Honourable senators, for the record, I have several paragraphs to read concerning this bill.

This is Appropriation Bill No. 2. It provides for the release of the balance of the Main Estimates for 1991-92, amounting to some $34.1 billion; and the whole of Supplementary Estimates "A", 1991-92, amounting to $428 million. The total spending authority requested by this bill is $34.5 billion.

[*Translation*]

Honourable senators, the Main Estimates was tabled in the Senate on May 21st, 1991 and referred to the Standing Senate Committee on National Finance on June 13, 1991. The Supplementary Estimate (A) was tabled in the Senate on May 30th, 1991 and immediately referred to the Standing Senate Committee on National Finance.

Senior officials from the Treasury Board Secretariat discussed the budget with the members of the committee on June 6, 1991.

[*English*]

Should honourable senators require additional information, I would be pleased to try to provide it.

The bill is in the usual form with no surprises.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, under the old traditions, the new rules, and everything I know about in the Senate, we have always had the debate on the question of appropriation take place on the report of the National Finance committee and not on the Appropriation Bill itself. Having had the report, the debate on it, and the report having been adopted, this bill should be given second reading.

Motion agreed to and bill read second time.

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

On motion of Senator Murray, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

GOVERNMENT BUSINESS

Hon. Lowell Murray (Leader of the Government): Honourable senators, as indicated by the Deputy Leader of the Government earlier, I suggest that we move to Government

Motions No. 1, which is Senator Doody's motion to adjourn the sitting of the Senate until tomorrow at 10 o'clock in the morning.

Hon. Peter Bosa: I understood Senator Doody to say that we would deal with Private Bills and Other Business before we adjourned.

Senator Murray: Exactly. I therefore withdraw that motion for the moment, and I invite Your Honour to proceed down the Order Paper until you reach Private Bills, at which point we would proceed to the motion for third reading of Bill S-4.

PRIVATE BILL

UNIVERSITY OF EMMANUEL COLLEGE—BILL TO AMEND ACT OF INCORPORATION—THIRD READING

Hon. Lorna Marsden, for Hon. Sidney L. Buckwold, moved the third reading of Bill S-4, to amend the Act of incorporation of the University of Emmanuel College.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

SEVENTH-DAY ADVENTIST CHURCH IN CANADA—BILL TO AMEND ACT OF INCORPORATION—REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ADOPTED

The Senate proceeded to consideration of the Second Report of the Standing Senate Committee on Legal and Constitutional Affairs, (Bill S-3, An Act to amend the Act of incorporation of the Seventh-day Adventist Church in Canada), with one amendment, presented in the Senate on June 18, 1991.

Hon. Orville H. Phillips: Honourable senators, I move, on behalf of the Honourable Senator Nurgitz, that the report be now adopted.

Motion agreed to and report adopted.

THIRD READING

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

Hon. Lowell Murray (Leader of the Government): Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

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

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we should have on the record that this report proposes an amendment. I spoke about it to Senator Nurgitz, the chairman of the committee, just before he was required to leave.

Although the amendment is routine, it is absolutely necessary. Part of the private bill provided for annual meetings of the corporation every six years, whereas a section of the Corporations Act provides that they must take place every year. Thus, the amendment was necessary but simple in that it required the addition of the words "notwithstanding" a certain section of the Corporations Act.

The reason we agreed to deal with this matter immediately is because there is some hope that we might get the bill down to the other place and, with luck—and it will take a lot of luck—they might deal with it before they leave and send it back so that the bill, as amended, will have completed all stages before we break.

Motion agreed to and bill read third time and passed.

● (1630)

GOVERNMENT BUSINESS

Hon. Lowell Murray (Leader of the Government): Honourable senators, unless I am mistaken, I think there would be general agreement to have other orders stand and for His Honour to call Government Motion No. 1.

The Hon. the Speaker: It is moved by the Honourable Senator Murray, seconded by the Honourable Senator Kinsella.

> That when the Senate adjourns today it do stand adjourned until tomorrow, Thursday 20th June, at ten o'clock in the forenoon.

Motion agreed to.

RULES OF THE SENATE

APPLICATION OF NEW RULES—QUESTION OF PRIVILEGE

Hon. Stanley Haidasz: Honourable senators, following the ruling of His Honour the Speaker, I believe there was general agreement that the question of privilege that I raised at the beginning of the sitting could be finished at the end of the daily routine of business. I should now like to conclude my remarks.

Each one of us should be grieved that this house has abdicated its authority and privileges by artificially elevating powers in this chamber. It is not even within the constituted powers of a Senate to lay down its privileges and its most ancient right; that is, every senator's right to be heard for as long as he or she wishes to speak on the issues before the house. It is, a most ancient and bedrock right that has characterized every such upper house in Parliamentary history. It is a right and privilege which secures for the subjects of Her Majesty a guarantee of fair government. It is therefore, a right based on the *Magna Carta* that cannot be voluntarily abdicated by this house.

Therefore, the hasty resolution of June 18 courts grave constitutional error and consequent constitutional and legal implications, as well as eventual public disrepute. This, honourable senators, is tantamount to the abortion of parliamentary democracy not only this chamber, but also in the other place, in view of the changes that occurred there earlier this year. We who love and respect parliamentary democracy, especially its freedom of speech, should guard jealously and

zealously all our fundamental, institutional and individual rights and privileges.

I thank honourable senators for their patience and I regret any misunderstanding that has arisen.

GOVERNMENT BUSINESS

The Hon. the Speaker: Senator Murray, do you want to stand everything up to Inquiries?

Hon. Lowell Murray (Leader of the Government): Your Honour, if I am not mistaken, there are several messages from the House of Commons to be read.

The Hon. the Speaker: No, senator, there are not.

Senator Murray: If not, then I suggest that you put Government Motion No. 1 and then Senator Bolduc's motion and we can go from there.

Hon. Royce Frith (Deputy Leader of the Opposition): What is that?

Senator Murray: Senator Bolduc's motion, of which he gave notice, is to the effect that the Standing Committee on National Finance have power to engage the services, et cetera.

Senator Frith: I remember.

Hon. Roch Bolduc: I am standing it.

Senator Murray: Then I suggest that Your Honour put Government Motion No. 1.

The Hon. the Speaker: I have already put that motion.

Senator Murray: You put it, but it was debated by Senator Haidasz.

The Hon. the Speaker: No, I put it and it was agreed to. Perhaps there is a misunderstanding. During my ruling I mentioned that, if the Senate agreed, the Honourable Senator Haidasz could finish his question of privilege. That is what he has done, and I do not think it has had any effect on the motion.

Senator Murray: Then, Your Honour, I think there would be general agreement that the other orders stand. I would move that the Senate do now adjourn, if there are no messages from the House of Commons.

Hon. Peter Bosa: What about Inquiries?

Senator Murray: If an honourable senator wishes to speak to an inquiry, then that would be done, and I would be incorrect in stating that all other orders could stand.

Senator Frith: The problem, among others that we are having difficulty with here, is that the House of Commons, of course, does not call all its orders. All the orders are not called in the other place. As far as I know, for 123 years that is something that the House of Commons has never understood about the Senate; namely, that we call every order every day. That is what we did under the previous rules. It is not quite clear what happens now. I cannot see anything in the present rules that prevents what the government leader is asking to be done. I have just leafed through them. I have not really studied them.

That is the problem. We are used to the fact that all orders in the Senate are called every day. Every order on the order paper is called unless we agree that they stand. We are having trouble getting used to the fact that what we are doing now is what they do in the House of Commons, which does not require all orders to be called. Anyway, whatever it is, let us put the motion.

Senator Murray: In any event, it is certainly not unprecedented here for the Leader or the Deputy Leader of the Government, on the basis of his understanding of the intentions of honourable senators, to move that all other orders stand.

Senator Frith: That is fine.

Senator Murray: I would so do. If an honourable senator wishes to speak to one of the inquiries or one of the other orders then my understanding of the desire of the Senate is incorrect.

Senator Frith: That is fine. I agree.

Senator Murray: I ask that all other orders stand.

Senator Bosa: Honourable senators, just for my own edification, does that mean that if one does not give notice that one wants to speak under Inquiries, that item will be by-passed and we will go directly to government motions? If we follow the sequence as it appears in the *Proceedings of the Senat*, we have Government Business, Reports of Committees, and we then have Private Business, Other Business, and then Inquiries. The honourable gentleman went directly to Motions, which is the item after Inquiries.

Senator Murray: Perhaps I can clarify the situation by stating that, with the exception of the adjournment motion that the Senate do now adjourn, the government will not be calling any further government business today, and if honourable senators wish to continue on through the order paper from where we left it, which was at Other Motions, we could read every order and see whether honourable senators wish to proceed with those orders.

Senator Frith: I believe that the motion that the Leader of the Government in the Senate is now making—namely, that all other orders stand—is consistent with our practice under the previous rules, because he has said that if anyone wishes to object and speak to any order, he may do so. In effect, we are following the practice of calling all orders because Senator Murray is asking that they be adjourned or, at least, that they stand, en bloc.

• (1640)

The Hon. the Speaker: Do I that understand it is strictly Orders of the Day, or does that include Inquiries?

Senator Frith: It includes all remaining items of business, except the adjournment motion.

Senator Murray: That being the case, honourable senators, I move that the Senate do now adjourn.

Senator Bosa: Honourable senators, I have one more question to help us understand what is meant by this. Does it mean that, if the government wishes to move the adjournment of the Senate by making such a motion, then Inquiries and other business will stand whether or not some members of the opposition wish to speak to those Inquiries?

Senator Murray: The short answer is that a motion to adjourn is always in order, and it always has been.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Murray, seconded by the Honourable Senator Kelly, that the Senate do now adjourn.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 10 a.m.

CONTENTS

Wednesday, June 19, 1991

PAGE

Rules of the Senate
Availability of New Text—Speaker's Statement. The Hon. the Speaker ... 259

Radio-Canada International
Effect of Cutbacks—Senator's Statement. Senator MacDonald. 259
The Hon. the Speaker ... 259
Senator Lefebvre ... 259

United Nations Human Rights Commission
Rights of the Child—Canadian Ratification of UN Convention—Senator's Statement. Senator Kinsella ... 259

Radio-Canada International
Effect of Cutbacks—Senator's Statement. Senator Perrault ... 260

Health and Welfare
Reduction of Medical Research Funding—Senator's Statement. Senator Buckwold ... 260

Rules of the Senate
Application of New Rules—Question of Privilege. Senator Haidasz ... 260
Senator Doody ... 260
Senator Frith ... 261
The Hon. the Speaker ... 261
Senator Murray ... 261
Senator Roblin ... 262

Speaker's Ruling
The Hon. the Speaker ... 262
Senator Frith ... 262

Business of the Senate
Senator Doody ... 263

Committee of Selection
Fourth Report. Senator Phillips ... 263

Canada-United States Inter-Parliamentary Group
Thirty-Second Annual Meeting held in Kananaskis, Alberta—Report of Canadian Section Presented. Senator Balfour ... 264

Rules of the Senate
Notice of Motion to Rescind Adoption of New Rules. Senator Haidasz ... 264

Goods and Services Tax
Presentation of Petitions. Senator Hébert ... 264

QUESTION PERIOD

National Defence
Closure of Bases—Request for Information—Announcement of Defence Policy. Senator Molgat ... 264
Senator Murray ... 264
Defence Policies of Mr. Robert Hicks, M.P.—Government Position. Senator Bonnell ... 264
Senator Murray ... 264
Senator Comeau ... 264

Foreign Affairs
South Africa—Removal of Canadian Sanctions—Government Policy. Senator Bonnell ... 265
Senator Murray ... 265

Health and Welfare
Elimination of National Health Care System—Government Policy. Senator Bonnell ... 266
Senator Murray ... 266

The Constitution
Responsibility for Federal-Provincial Relations—Government Policy. Senator Molgat ... 266
Senator Murray ... 266
Senator Gigantès ... 266

Government Business
Senator Doody ... 266
Senator Molgat ... 267
Senator Bosa ... 267
Senator Corbin ... 267
Senator Frith ... 267

The Estimates, 1991-92
Second Report of National Finance Committee Adopted. Senator Bolduc ... 268
Senator Leblanc ... 269

Government Business
Senator Murray ... 270
Senator Frith ... 270

Appropriation Bill No. 2, 1991-92
Second Reading. Senator Murray ... 270
Senator Frith ... 270

Government Business
Senator Murray ... 270
Senator Bosa ... 271

Private Bill
University of Emmanuel College—Bill to Amend Act of Incorporation—Third Reading. Senator Marsden ... 271

Private Bill
Seventh-day Adventist Church in Canada—Bill to Amend Act of Incorporation—Report of Legal and Constitutional Affairs Committee Adopted. Senator Phillips ... 271
Third Reading. Senator Murray ... 271
Senator Frith ... 271

Government Business
Senator Murray ... 271

THE SENATE

Thursday, June 20, 1991

The Senate met at 10 a.m. the Speaker in the Chair.

Prayers.

PARLIAMENTARY GUIDE

INSTRUCTION TO PUBLISHER TO DISTRIBUTE CORRECTION

Hon. Philippe Deane Gigantès: Honourable senators, a publication which is bought by the Senate and which is distributed by the Senate to all senators has accused me of a criminal act, namely, bigamy.

Page 114 of the 1991 edition of the *Canadian Parliamentary Guide*, which the Senate buys and distributes—the "stud book" as Senator Phillips colloquially calls the red book, which we do not yet have on our desks—states that I am married to Sylvie Bédard of Quebec and mentions my three children. It also states that I am married to another lady—I will not name her. She happens to be the wife of a senator, and she happens to be the wife of a Tory senator who has been asking me how did the two of us manage to bring these three children into the world.

Hon. C. William Doody (Deputy Leader of the Government): For the protection of the rest of us, will you name the senator?

Senator Gigantès: I do not want to reveal his name or the name of his wife. Libel enough has been committed. I do not want to repeat the libel by voicing it.

This publication is produced by Info Globe. The founder of Info Globe is Senator Doyle. He has been recently engaged in rewriting history, in some ways. I wish he would stop rewriting mine. He has admitted that he has spent many hours in his life sitting at his gloomy desk on King Street in Toronto envying, in his imagination, my running around the world at his expense, as he puts it, wining and dining beautiful women. The lady in question here is beautiful. I think he is carrying it too far by getting his former minions to calumniate a fellow senator—two fellow senators and the wife of a senator on the same side as he is. I don't know what he has against him. Probably he finds him too progressive, not enough conservative. Who knows? Maybe it's the bad influence of his seatmate.

In all seriousness, I move that the Senate instruct the purchasing authorities of the Senate to tell Info Globe that we will not buy the publication unless it sends a corrective sticker to everyone who has bought this publication which has calumniated me.

Bigamy is a criminal act. I am accused of bigamy. It should be corrected. The only good thing I can say about this is that what they are accusing me of is not as bad as what they accused me of last year. Last year, on page 107 of the same publication, which is on the desk there, states "Party: Progressive Conservative."

I would like the Senate to vote on my motion that the purchasing authorities of the Senate be instructed to tell Info Globe that it must send a corrective sticker to all persons who have bought this publication, and to apologise to the lady they have offended by saying she is married to me when she is not, and to apologize also to me and to her husband. Thank you.

Senator Haidasz: Call in the members!

The Hon. the Speaker: Senator's Statements.

Senator Gigantès: Excuse me, I have moved a motion. I move:

> That the Senate instruct its purchasing authorities to tell Info Globe to send a corrective sticker to all persons who have bought the 1991 edition of the *Canadian Parliamentary Guide*.

I think we are so entitled.

Hon. Orville H. Phillips: Would the honourable senator agree to having Senator Doyle edit the correction?

Senator Gigantès: I do not trust him since this publication, so, no, thank you.

The Hon. the Speaker: Honourable senators, according to rule 16(3):

> When the Speaker has been asked to decide any question of privilege or point of order he or she shall determine when sufficient argument has been adduced to decide the matter, whereupon the Speaker shall so indicate to the Senate, and continue with the item of business which had been interrupted or proceed to the next item of business, as the case may be.

Thus, I will take this matter under advisement.

Senator Lefebvre: Why don't you just agree?

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

NATIONAL DEFENCE

CLOSURE OF CORNWALLIS BASE—SENATOR'S STATEMENT

Hon. Gérald J. Comeau: Honourable senators, it is very difficult to govern a country as vast as Canada, and our differences of opinion are often to the same grand scale. In 1984, the government inherited a mountain of debt. Since that time, the government has had to make decisions, often painful

but necessary, to relieve the pressure of the massive debt left to our children and grandchildren by the previous government. Meanwhile, the opposition parties were changing their policies according to the results of public opinion polls, and the government is now faced with political parties like the Bloc québécois and the Reform Party that are intent on breaking up this country.

The Maritimes are often overlooked in these political battles. The Maritime provinces were very prosperous at the time of Confederation, but that prosperity disappeared, largely due to an artificially protectionist national economic policy that put Maritime goods at a disadvantage.

We are trying to get out of this difficult situation, but now we read in the media that military planners want to close some of our military bases, as a money-saving measure. We realize that the threat of a world war is not as great as it was in the past and that as a result, the military must consider the size of their establishment. However, assuming we will still have to train military recruits, I find it hard to understand why the military should consider closing down the only English-language Canadian Forces training base in Canada.

The economy in the region where CFB Cornwallis is located is in trouble because of problems with the fisheries. There are no other jobs to absorb civilian employees working at the base. Officials will say it is not up to the military to protect jobs in a region where the economy is stagnating, but Canada was not founded exclusively on financial statements.

People in the Maritimes are proud to support the military, and the military should appreciate that support. Per capita, the population of the Maritimes has sacrificed more of its children to the wars in which Canada has participated than any other region. We must not forget that dedication.

Therefore, we urge the military to consider this factor when submitting their suggestions to the government. It is hard to express this loyalty in dollars and cents, but it is probably with far more than the few dollars that might be saved by closing CFB Cornwallis.

The people of the Maritimes have made great sacrifices to achieve the Canadian dream. Yes, our economy is in trouble today, and we would like to do something about it!

That is why I want to ask the military planners and the government to consider all these factors when they make their decision on the future of CFB Cornwallis.

• (1010)

NATIONAL UNITY

SPECIAL JOINT COMMITTEE OF PARLIAMENT—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Wednesday, June 19, 1991

ORDERED—That a message be sent to the Senate to acquaint Their Honours that a Special Joint Committee of the Senate and the House of Commons be appointed to inquire into and make recommendations to Parliament on the Government of Canada's proposals for a renewed Canada contained in the documents to be referred to it by the Government;

That twenty Members of the House of Commons and ten Members of the Senate be the Members of the Special Joint Committee: such Members on the part of the House of Commons to be designated upon the report of the Standing Committee on House Management, which report shall be deemed concurred in upon presentation or, if the House is not sitting at the time of such Standing Committee on House Management Report such report shall be deemed concurred in upon its being filed with the Clerk of the House of Commons;

That the Committee have the power to appoint from among its Members such sub-committees as may be deemed advisable, and to delegate to such sub-committees all or any of its powers except the power to report directly to the House;

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

That the Committee, or sub-committees, have the power to travel, and to hold public hearings, within Canada;

That the Committee provide Canadians with an opportunity to participate fully in the development of the government of Canada's plan for a renewed Canada;

That the Committee have the power to hold joint sittings with the committees of legislatures or individual members of provincial and territorial legislatures;

That the Committee develop procedures to ensure aboriginal peoples participate fully in the development of the Government of Canada's plan for a renewed Canada and, in particular, on issues of special interest to them;

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

That the Committee be authorized to put in place mechanisms designed to encourage and facilitate the participation of individuals and groups of Canadians;

That the Committee be empowered to authorize television and radio broadcasting, as it deems appropriate, of any or all of its proceedings or of proceedings of its sub-committees, pursuant to the principles and practices governing the broadcasting of the proceedings of the House of Commons;

That the parties represented on the Committee be granted allocations for expert assistance with the Committee work in proportion to the representation of the said parties in the House of Commons;

That the Committee be empowered to retain the service of professional, clerical and stenographic staff as deemed advisable by the Joint Chairs;

That the Committee submit its report not later than February 28, 1992, provided that, if the House of Commons is not sitting, the report will be deemed submitted on the day such report is deposited with the Clerk of the House of Commons and with the Clerk of the Senate;

That changes in membership of the Committee be effective immediately after a notification, signed by the Member acting as Chief Whip of any recognized party, has been filed with the Clerk of the Committee;

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

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, ten Senators to act on the proposed Special Joint Committee.

ATTEST

ROBERT MARLEAU
The Clerk of the House of Commons

[*Translation*]

SPECIAL JOINT COMMITTEE OF THE SENATE AND HOUSE OF COMMONS ON AMENDING THE CONSTITUTION

FINAL REPORT TABLED

Hon. Gérald A. Beaudoin: Honourable senators, I have the honour to present the final report of the Special Joint Committee of the Senate and the House of Commons on the Process for Amending the Constitution of Canada.

[*English*]

Hon. C. William Doody (Deputy Leader of the Government): Does Senator Beaudoin have leave to speak to his report?

Hon. Allan J. MacEachen (Leader of the Opposition): No.

Senator Doody: He had intended to speak to it now.

Hon. Royce Frith (Deputy Leader of the Opposition): No, he cannot. He can speak to it tomorrow.

The Hon. the Speaker: When shall the report be taken into consideration?

Senator MacEachen: Tomorrow.

Senator Doody: Honourable senators, perhaps I should explain that a press conference will be held this morning at around 11:00 o'clock, at which time the information in the report will be made available to the public. That was the reason that Senator Beaudoin had anticipated giving a short statement here this morning, but if it is not the wish of the Senate to receive it at this time, of course it can be done tomorrow.

Some Hon. Senators: Now.

Senator Frith: No. They are your rules and you will have to live by them.

The Hon. the Speaker: Is leave granted to proceed now?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

Senator Doody: Honourable senators, leave has not been granted to proceed now. We will proceed tomorrow. My understanding is that leave will be granted to proceed with second reading of the various bills that we have before us today, and they will be referred to committee for consideration, some of them in Committee of the Whole, one of them in a select committee. It is also my understanding that the several resolutions that come before us today will be considered tomorrow, and that third reading will be considered for those bills that receive second reading and pass through committee today.

With that plan in being, with the understanding of the senators present, it means that we will finish our business some time tomorrow and it will not be necessary for us to return next week. Since we have to come back tomorrow anyway for third reading of these bills, it would seem prudent, in the light of the rules, for us to defer consideration of the various resolutions and committee reports until tomorrow.

Hon. Gildas L. Molgat: Honourable senators, may I ask a question of the chairman of the committee? I presume a press kit will have been prepared for the press conference. Will we also receive the press kit here in the Senate?

Senator Beaudoin: Yes. I am going at 10:30 a.m.

Hon. M. Lorne Bonnell: Why is the press getting that report first? Why are we not getting it first?

Senator Beaudoin: With the permission of the house, and notwithstanding rule 45(1)(*f*), may I explain in a few minutes what the report is about? I could also do it tomorrow morning at 10 a.m. I am in the hands of the Senate.

Senator Doody: Senator Bonnell has asked for the press kit, which is not available at the present time. However, I understand that Senator Beaudoin will be available later this morning. However, in light of the fact that the press kit is not available, Senator Beaudoin is prepared to outline the contents of the kit and the gist of the report. Honourable senators are not prepared to accept that at this time; so that, I think, is the end of the matter tomorrow.

Senator Frith: Honourable senators, I hope we are quite clear about the comments made by Senator Doody. The question was left up in the air yesterday as to whether or not, after the tabling of this report, we would be proceeding with business today before 2 o'clock. In a very short discussion with

Senator Doody I told him that we were prepared to give leave to deal with government legislation at second reading today, including, where appropriate, committee hearings and Committee of the Whole, but that no leave would be given with regard to anything else.

Senator Doody: That is correct.

INCOME TAX CONVENTIONS BILL

FIRST REPORT OF FOREIGN AFFAIRS COMMITTEE PRESENTED

Hon. Gerald R. Ottenheimer, Chairman of the Standing Senate Committee on Foreign Affairs presented the following report:

Thursday, June 20, 1991

The Standing Senate Committee on Foreign Affairs has the honour to present its

FIRST REPORT

Your Committee to which was referred the Bill S-2, An Act to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and the prevention of fiscal evasion and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes, has, in obedience to the Order of Reference of Thursday, May 30, 1991, examined the said Bill and has agreed to report the same without amendment.

Respectfully submitted,

GERALD R. OTTENHEIMER
Chairman

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

On motion of Senator Ottenheimer, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

OFFICIAL LANGUAGES

APPOINTMENT OF COMMISSIONER—NOTICE OF MOTION

Hon. Noel A. Kinsella: Honourable senators, I give notice that, at the next sitting of the Senate, I will move that, in accordance with section 49(1) of the *Official Languages Act*, R.S.C. 1985 (4th Supp.), c. 31, this House approves the appointment of Victor Goldbloom, O.C., M.D., LL.D., as Commissioner of Official Languages for Canada.

• (1020)

NATIONAL UNITY

APPOINTMENT OF SPECIAL JOINT COMMITTEE—NOTICE OF MOTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow I will move:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee of the Senate and the House of Commons to inquire into and make recommendations to Parliament on the proposals of the Government of Canada for a renewed Canada contained in documents to be referred to it, from time to time, by the Government of Canada;

That ten members of the Senate and twenty members of the House of Commons be appointed to be members of the Special Joint Committee;

That the quorum of the Joint Committee be thirteen Members whenever a vote, resolution or other decision is to be taken so long as both Houses are represented, and that the Joint Chairs are authorized to hold hearings, to receive evidence and to authorize the printing thereof, when nine Members are present so long as both Houses are represented;

That the members, to act for the Senate, on the Joint Committee be named at a later time by the Standing Committee on Selection;

That it be an instruction to the Joint Committee that it provide Canadians the opportunity to participate fully in the development of the plan proposed by the Government of Canada for a renewed Canada;

That it be an instruction to the Joint Committee that it develop mechanisms designed to encourage and facilitate the participation of individuals and groups of Canadians;

That it be an instruction to the Joint Committee that it develop procedures to ensure that aboriginal peoples participate fully in the development of the plan proposed by the Government of Canada for a renewed Canada;

That it be an instruction to the Joint Committee that it submit its final report not later than February 28, 1992;

That, if either the Senate or the House of Commons is not sitting on the day such report is deposited with the Clerk of the Senate and the Clerk of the House of Commons, the same shall be deemed submitted;

That the Joint Committee be empowered to appoint, from among its Members, such sub-committees as may be deemed advisable, and to delegate to such sub-committee all or any of its powers, except the power to report to the Senate;

That the Joint Committee, or sub-committees thereof, be empowered to travel, and to hold public hearings, within Canada;

That the Joint Committee be empowered to sit during sittings and adjournments of the Senate;

That the Joint Committee be empowered to hold joint hearings with committees of legislatures or with individual members of provincial and territorial legislatures;

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

That the Joint Committee be empowered to authorize television and radio broadcasting, as it deems appropriate, of any or all of its proceedings and of the proceedings of its sub-committees, pursuant to the principles and practices governing the broadcasting of proceedings of the House of Commons;

That the parties represented on the Joint Committee be granted allocations for expert assistance with the work of the Committee in proportion to representation of the said parties in the House of Commons;

That the Joint Committee be empowered to retain the services of professional, clerical, and stenographic staff as deemed advisable by the Joint Chairs; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have not had a chance to examine this motion in detail, but I do notice that the motion contains the following paragraph:

That the members, to act for the Senate, on the Joint Committee be named at a later time by the Standing Committee on Selection.

I think it would be very wise to proceed to name these members tomorrow, and I would hope that the government would consider amending the motion with respect to the Senate so that the Senate name the members rather than face the difficulty of going to the Standing Committee on Selection. I just ask the Deputy Leader to give that some consideration.

Senator Doody: Thank you. I will, notwithstanding rule 66(1).

Hon. Gildas L. Molgat: Honourable senators, while the Deputy Leader will be considering other matters, I wonder if he might also consider the paragraph that reads as follows:

That the parties represented on the Joint Committee be granted allocations for expert assistance with the work of the Committee in proportion to representation of the said parties in the House of Commons;

Would it not be better to have the motion say the "representation in both houses," in view of the fact that it is a joint committee?

Senator Doody: It is the same as the wording that was used when the last joint committee was set up, and it was acceptable at that time. However, once again, it can be considered.

[Senator Doody.]

Hon. Thomas H. Lefebvre: Honourable senators, I have a further question for Senator Doody. I was distracted momentarily and perhaps someone else has asked this question. However, it is with regard to the third paragraph. From my parliamentary experience, I thought the resolution would say that the quorum of the joint committee would be thirteen members whenever a vote, resolution or other decision is to be taken. It says "so long as both houses are represented." From my own experience in both houses, that means as long as the major parties are present. In this case, both houses could be represented by only one party. Perhaps Senator Doody could look into having this modified as well.

Senator Doody: I do not think that the recognition of the parties in the context that the honourable senator is referring to has been mentioned in previous resolutions of this type, but I will certainly have it researched.

[*Translation*]

PROCEEDS OF CRIME (MONEY LAUNDERING) BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-9, *An Act to facilitate combatting the laundering of proceeds of crime.*

Bill read the first time.

SECOND READING

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

Hon. Nathan Nurgitz: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that the bill now be read the second time now.

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

Hon. Senators: Agreed.

[*English*]

Hon. Nathan Nurgitz: Honourable senators, in moving second reading I wish to make a few brief comments on the subject matter of this bill and on the strategy of dealing with this terrible curse.

A national drug strategy was launched by this government in 1987. There have been many initiatives by many governments. I suspect there will be many more initiatives by many more governments because of the evergrowing problem. The objective of the strategy announced in 1987 was to reduce the harmful effects of substance abuse on individuals, families and communities by addressing the supply and demand aspects of the problem in a balanced approach tailored to our own country's needs.

In recent years there has been widespread recognition that to effectively combat drug trafficking and other organized criminal activities, there must be measures in place which will

make these activities less profitable. Drug trafficking generates large amounts of cash which must be converted into seemingly legitimate forms. The act of doing that has acquired the term "money laundering". By taking effective action on money laundering, we make these underlying crimes less attractive from a financial point of view and thereby discourage them.

Bill C-61, which amended the Criminal Code, the Food and Drug Act and the Narcotics Control Act, came into effect on January 1, 1989. It was an important milestone in Canada's efforts to combat money laundering. That act made money laundering a criminal offence and it allowed the police authorities, once they had obtained the necessary judicial authorization, to search for and seize property suspected of being the proceeds of crime.

The fight against money laundering must be made with the cooperation of governments and the private sector. For this reason, an Advisory Committee on Money Laundering was established in January 1990 with membership from financial institutions and associations as well as officials from a large array of government departments, including the Department of Finance, the Royal Canadian Mounted Police, the Office of the Superintendent of Financial Institutions and the Federal Department of Justice.

At the first meeting of this advisory committee in February 1990, there was unanimous support for a law requiring that adequate records be kept in order to support the investigation and prosecution of cases of money laundering.

• (1030)

In April of 1990, the report of the G-7 Financial Action Task Force was released. This report contained 40 recommendations to combat money laundering. Although Canada was in substantial compliance with the recommendations, it fell short on the matter of record-keeping. Following further discussion among our own advisory committee and private sector associations, and also following discussions with provincial officials, the government approved the introduction of Bill C-89, which was entitled, "An Act to Facilitate Combating the Laundering of the Proceeds of Crime." C-89 was tabled in October of 1990 but died on the order paper when that session of Parliament prorogued.

The bill was revised and introduced recently in the House of Commons as Bill C-9. The revisions make it clear that intent is required to commit the infraction created in the bill. Changes to the regulations will be prepublished in the *Canada Gazette* at least three months before they are finalized. Finally, the scope of the regulation-making powers of the government with respect to determining the accuracy of the information contained in records is limited to identification of clients. All of these changes are consistent with the intent of the original bill, but actually, I might say, serve to improve it.

There have been a number of other important initiatives in the fight against the drug problem in our country. Canadian financial institutions such as the chartered banks and the major trust companies have developed internal programs against money laundering. These programs include employee training and the recognition of suspected instances of money laundering, which can then be referred to law enforcement agencies such as the RCMP for further investigation. Similar programs have been or are being developed through the financial services industry.

The office of the Superintendent of Financial Institutions, which is responsible for the supervision of federally chartered financial institutions, has issued a paper entitled *Best Practices for Deterring and Detecting Money Laundering.* This paper contains guidelines for financial institutions covering such matters as how to deal with suspicious transactions. In addition, a review of anti-money laundering procedures and practices forms a part of the regular review of that department of all federally supervised financial institutions.

Honourable senators, on July 5, 1990 Canada ratified the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. That is referred to as the Vienna Convention. The Canadian government has also passed legislation, Bill C-58, enabling the negotiation of Mutual Legal Assistance Treaties. These treaties are designed to facilitate international co-operation among law enforcement authorities in dealing with criminal activities.

In conclusion, I would note the government's belief that the fight against money laundering requires a partnership and co-operation between various sectors in our society—governmental and private sector. For this reason the government will continue the ongoing dialogue with the private sector and with provincial governments in order to ensure that Canada's measures against money laundering, already considered by many to be reasonably advanced in the world, remain up to date and effective.

Honourable senators, it would be my intention, assuming this bill receive second reading, to ask that it be referred to the Committee of the Whole later this day.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I want to ask a question with respect to the stage we are at. I understand that the Senate gave consent to give second reading to this bill later this day. We are now on second reading, which would place us under Orders of the Day, but we have not called the other items that would get us to the Orders of the Day. I think we should regularize our procedure so that we get to the Orders of the Day in the proper way and not make a leap over all these other items. If we are to proceed to second reading, we had better go through the Order Paper.

Hon. C. William Doody (Deputy Leader of the Government): Senator MacEachen is perfectly correct; we are on routine proceedings. There is some time for us to continue with routine proceedings and then we continue on with the regular Orders of the Day and government business as called. Perhaps we could suspend debate on this bill until later this day, and Mr. Speaker could continue with the messages under the routine proceedings.

The Hon. the Speaker: Is that agreed?

Hon. Senators: Agreed.

Debate suspended.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-2, to amend the National Energy Board Act.

Bill read first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that the bill be placed on the Orders of the Day for second reading later this day, when we get to its appropriate spot under "Government Business".

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

Hon. Senators: Agreed.

Motion agreed to.

A BILL RESPECTING THE EXPORTING, IMPORTING, MANUFACTURING, BUYING OR SELLING OF OR DEALING WITH CERTAIN WEAPONS

BILL TO AMEND—FIRST READING

The Hon. The Speaker informed the Senate that a message had been received from the House of Commons with Bill C-6, respecting the exporting,importing, manufacturing, buying or selling of or other dealing with certain weapons.

Bill read first time.

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that the bill be placed on the Orders of the Day for second reading later this day, when we reach its proper place on the order paper.

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

Hon. Senators: Agreed.

Motion agreed to.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators I have some petitions. We continue to be showered by them. When I say that, I am not complaining.

[The Hon. the Speaker.]

Today I have the usual form of petition against the GST and in favour of an early election to correct its iniquities and others inflicted by this government on the people of Canada.

The people of Canada presenting petitions today are represented, first, from Ontario. One petition comes from Toronto and Don Mills and contains 22 names. Then from Quebec I have two petitions today, honourable senators. They come from St. Damase, St. Clothilde, Arthabaska, St. Albert, St. Valere, St. Eulalie, Victoriaville, Danville and Montreal. The total number of names on those petitions is 40 . All of them are signed, of course. That means that the grand total of petitions is three, one from Ontario and two from Quebec; and the total number of names is 62, 40 from Quebec and 22 from Ontario.

• (1040)

QUESTION PERIOD

THE SENATE

ABSENCE OF GOVERNMENT LEADER FROM CHAMBER

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Senator Murray is at a cabinet meeting at the present time. He has indicated that he will be present at 2 o'clock and, if honourable senators wish to have a question period at that time, he is quite prepared.

Senator MacEachen: We will carry on in the normal way.

PROCEEDS OF CRIME (MONEY LAUNDERING) BILL

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion by the Honourable Senator Nurgitz, seconded by the Honourable Senator Macquarrie, for the second reading of Bill C-9, and Act to facilitate combatting the laundering of proceeds of crime.

Hon. Richard J. Stanbury: He said: Honourable senators, the bill before us which Senator Nurgitz has introduced so well, Bill C-9, entitled "An Act to facilitate combatting the laundering of proceeds of crime," is a very strong bill and one which has benefited from all-party agreement in the other place. The intention of the bill is to discourage the use of Canada's financial system by criminals and to ensure there is adequate opportunity for police to carry out the appropriate investigations and subsequent prosecutions that have been allowed for in this and other recent legislation.

Specifically, the bill was designed to inhibit the flow of illicit drug funds. It would establish, for the first time in Canada, record-keeping requirements in the financial field. Honourable senators will recall that the legislation that we passed earlier

did not require this record-keeping; it was left to the financial institutions to police themselves.

Honourable senators may know that Bill C-9 is essentially the same as Bill C-89 which was introduced into the house last year. For those honourable senators who are familiar with Bill C-89, which died on the House of Commons order paper at prorogation and which had some problems, I am pleased to assure you that this current bill represents improvement in those areas that were identified as problematic in the last bill.

Clauses 2, 4 and 5 set out the record-keeping requirements for financial institutions to be installed into the Criminal Code, Food and Drugs Acts and the Narcotics Control Act. Clause 3 broadens the definition of financial institutions subject to record-keeping requirements to include non-banks such as life insurance companies, trust companies, security brokers and other similar institutions.

Portions of clauses 5 and 6 reflect some of the changes made in this bill from Bill C-89. For instance, Bill C-9 has made requirements for identifying customers more specific and workable. As well, the bill adds the term "knowingly" to the definition of the offence. The intention is to ensure that inadvertent violations of the law would not be subject to the serious punishment proposed in the bill.

Draft regulations have not as yet been introduced with Bill C-9. Department of Finance officials have indicated that these will be changed from those that accompanied Bill C-89 which have been subject to some objections. I am sure the joint committee will do the necessary monitoring of these new regulations.

I would recommend that all honourable senators support this bill and that it proceed to discussion in Committee of the Whole.

Motion agreed to and bill read second time.

The Hon. the Speaker: When shall this bill be read the third time?

REFERRED TO COMMITTEE OF THE WHOLE

Hon. Nathan Nurgitz: I move that the bill be referred to Committee of the Whole later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—SECOND READING

Hon. Pat Carney moved the second reading of Bill C-2, to amend the National Energy Board Act.

She said: Honourable senators, I should like to make a few clarifying remarks about the intent of this bill. You will recall that on February 26, 1991, the Hon. Michael Wilson announced in the budget speech the Government of Canada's decision to relocate the National Energy Board from Ottawa to Calgary. Bill C-2, a bill to amend the National Energy Board Act, will make it possible for the government to follow through with these plans.

By way of introduction, many honourable senators know that the National Energy Board was created by an act of Parliament in 1959. For the first time, an independent tribunal was created to provide advice to the federal government on certain major energy matters drawing heavily on evidence put before it at public hearings.

The board wields a broad range of regulatory authorities including the licensing of the export of oil, gas and electricity, the issuance of certificates for international interprovincial pipelines and international power lines, and the setting of just and reasonable tolls for pipelines under federal jurisdiction.

In addition to these regulatory responsibilities, the board, at the specific request of the Minister of Energy, Mines and Resources, serves as a provider of expert advice and information to the government on energy issues and energy markets.

These amendments to the National Energy Board Act contained in Bill C-2 will in no way affect the board's regulatory stature or mandate. The purpose of the legislation is to allow the National Energy Board of Canada to relocate from Ottawa to Calgary; nothing more and nothing less.

Why Calgary? Calgary is generally accepted as the centre of Canada's oil and gas industry. The board spends by far the largest portion of its time dealing with oil and gas related issues. For these reasons alone, most Canadians—and this includes members of both opposition parties as reflected in their comments in the House of Commons on second reading—viewed the relocation to Calgary as a relatively straightforward and sensible decision.

It is important, however, to recognize that there is a much broader context for this move. Western Canadians in particular have increasingly felt that their problems were not always well understood in Ottawa and that decisions were sometimes taken without a full appreciation of their views and perspectives. National policy must be seen, particularly at this time, to be responsive to the aspirations of Canada's regions for a fuller participation in our national life and greater proximity to the making of decisions which will shape their economic future.

Some have alleged that moving the NEB will somehow throw into question the integrity and impartiality of its decisions. This argument, however, is totally preposterous and insults the intelligence of the audience, in particular, western Canadians, and of the board's staff.

The board will continue to hold its public hearings in centres right across Canada in close proximity to the major impact of the project and where public concerns are the greatest. The government is managing the relocation in a manner which is fair to the board's employees, the industry and taxpayers who share the financial burden of the move.

• (1050)

The board, its staff and all those it serves, industry as well as consumers, stand, over the long run, to gain handsomely by

this move. Not only will greater proximity to the heart of the industry bring greater awareness of key oil and gas issues, the relocation will also open up a rich reserve of western Canadian human resources from which the board can staff itself.

We can be assured that when the move and transition is fully complete we will be able to point to a national institution which has been greatly enriched by the experience. In short, the move to Calgary will offer a bright new chapter in the history of the National Energy Board, that history which has been one of achievements in the past in terms of the high standards and service provided to the Canadian public. Let honourable senators be assured, it will be one of even greater achievement in the future.

Hon. Joyce Fairbairn: Honourable senators, I will say, at the start, that Bill C-2, to amend the National Energy Board Act for the purpose of moving the headquarters of the board to Calgary, Alberta, is a move which is supported by our party and our leader as reflected in the debates in the House of Commons. As an Albertan, I certainly welcome this move and say, particularly on behalf of my colleagues in this house from Alberta, that it is long overdue.

The National Energy Board was formed in 1959 at a time when the oil and gas industry was being organized as a national economic instrument for Canada's resource development. The creation of the board was really a natural progression of regulatory developments which stretch back to the beginning of this century. There have been arguments from the beginning that the National Energy Board should operate out of the west, specifically the province of Alberta, which is the heartland of the oil and gas industry.

The board has proven to be an impartial and objective tribunal over the last 32 years of its existence. During that time its mandate has steadily broadened and deepened because of the tremendous expansion of the energy sector. Indeed, it is estimated that over 80 per cent of the National Energy Board's activities now relate to the oil and gas industry. There is a great depth of expertise resident in the province of Alberta and the city of Calgary which will be of tremendous use to the board in its activities.

It is also estimated that 90 per cent of the National Energy Board's—

Hon. Eymard G. Corbin: Honourable senators, I rise on a point of order. The new rules state specifically that no senator is to cross between the Table and the Chair during a sitting. Senator Doody twice crossed before the Table and the Chair.

Hon. C. William Doody (Deputy Leader of the Government): Senator Corbin is absolutely correct. It is a rule in the old book, and it is certainly a matter of courtesy. I apologize for any discourtesy to the Senate, the Speaker and to my colleagues.

Senator Stewart: No, it is in the new rules.

Senator Doody: The apology extends to both the old book and the new book.

Senator Corbin: Shame.

[Senator Carney]

Senator Fairbairn: Honourable senators, as I was saying, at the moment it is estimated that 90 per cent of the National Energy Board's operating costs, about $25 million, are funded by the oil and gas industry in western Canada. People seem to think that because of oil and gas, the streets of Alberta, and Calgary in particular, are paved in gold. That is not the case. This industry has endured, and continues to endure, great hardships, as have the cities of Calgary and Edmonton which are so intimately tied to the industry.

There is no question of the symbolic value of this move, as my colleague Senator Carney has indicated. The symbolic value of the move for western Canada, western Canadians and Albertans in particular, is strong in terms of their access to federal institutions and their ability to use their expertise as an input into those institutions of which there are precious few in our part of the country.

In practical terms, it also makes a great deal of sense for the board to be located near the key commodities which it regulates. It also makes economic sense to all those who, in the past, have had to bear the cost of coming to Ottawa out of necessity to appear before the board in its regulatory dealings.

The move to the west will not deter the board from properly executing its role as an impartial national institution. I truly believe that. It will continue to conduct its hearings on such issues as routes for pipelines and electrical transmission routes in the centres in this country, which are close both to the resources and to the public interest which is most intimately involved.

The major negative aspect of the move, which was reflected very pointedly in the hearings that were held before the House of Commons committee, was the manner in which it was announced and its impact on the lives of current employees. Although the move and the suggestion of such a move had been rumoured for some time— indeed, probably for decades—the government dropped its announcement without prior warning to its employees during the budget speech on February 26. Those employees learned about the move from television. It just popped out of the mouth of the then Minister of Finance, Michael Wilson. It was not even contained in the text of the budget speech. Even the chairman of the National Energy Board did not know in advance, and he pointed that out in his testimony to the House of Commons proceedings. He also spoke of the traumatic effect this had had on the people involved in the National Energy Board and their families for a period of a couple of months because they did not have advance time in which not only to prepare themselves but even to get used to the idea of such a move. That is incredibly hurtful to those public servants who have been working so effectively and loyally for the National Energy Board here in Ottawa.

It is always disruptive for families to adjust and to make the critical decisions which are forced by these types of moves. The shock is amplified considerably when the move is 2,000 miles away in a very different type of culture, geography and life-style than exists here in bilingual Ottawa.

• (1100)

I have read the testimony before the house committee and I note the lengths to which government spokespersons and the Chairman of the National Energy Board have gone to stress the efforts being made to ease this transition, both for those who will move west and also, equally as important, for those who will remain here in Ottawa without their jobs. I know the administration and the citizens of the city of Calgary will go out of their way to welcome the newcomers and help them to establish a new life and a new sense of security in that great city.

There is a strong francophone community in the city of Calgary which has pledged to offer its assistance to the some 30 per cent francophone employees of the National Energy Board, many of whom may chose to make this journey west to work in that city. I am also told that the Catholic School Board of Calgary has indicated that the children of these employees will be readily accepted and welcomed into the French language schools that exist in Calgary. Those are positive steps.

We would like to hear a little more detail about the move. We also want to be assured that those remaining here in Ottawa will be shown the same courtesy and assistance by the government, because their lives are equally disrupted. We want to know that they are being given special assistance in accessing new jobs within the public service and that people who are approaching retirement age are being given proper consideration with respect to how they end their careers in the public service. There is an urgency about this legislation because the National Energy Board Chairman, Mr. Roland Priddle, has indicated that they wish to have the board operating in Calgary by September 3. He hopes that the bulk of employees who choose to travel west will be settled in the community of Calgary towards the end of September. Part of the urgency, of course, is because of the school-age children involved in the move. Therefore, we do not want to hold up or delay this piece of legislation. Perhaps its progress could be facilitated by moving later on to Committee of the Whole to seek answers to some of our questions.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Pat Carney: Honourable senators, I move that the bill be referred to Committee of the Whole later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

A BILL RESPECTING THE EXPORTING, IMPORTING, MANUFACTURING, BUYING OR SELLING OF OR DEALING WITH CERTAIN WEAPONS

SECOND READING

Hon. James F. Kelleher moved the second reading of Bill C-6, respecting the exporting, importing, manufacturing, buying or selling of or other dealing with certain weapons.

He said: Honourable senators, you can see that this speech has been written by people from the other side because my written notes start off with "Mr. Speaker." In the past, I have been advised that I am not to refer to the Speaker but to honourable senators.

Senator Frith: Well done, sir.

Senator Kelleher: I remember the former admonition of Senator Frith.

Bill C-6 was introduced by the government after careful consideration. It introduces amendments to the Export and Import Permits Act and the Criminal Code which will permit exports of automatic weapons under strict controls to Canada's allies and close defence partners. The effect of the changes will be to make Canadian controls on exports of automatic firearms among the most stringent in the world. The Export and Import Permits Act is being amended to create a new automatic firearms country control list. Exports of automatic firearms will be permitted only to countries included on the list. The list will be made public and all applications to export automatic firearms to countries not on the list will be denied.

Bill C-6 stipulates that the only countries with which Canada has formal bilateral defence research, development and production agreements can be included on the new automatic firearms country control list. Canada currently has defence production arrangements with ten countries of which Sweden is the only one that is not a member of NATO. The NATO allies are the United States, Italy, Norway, Belgium, Denmark, Great Britain, The Netherlands, France and Germany. An arrangement with Spain is under negotiation.

Proposals to include other countries on the list will be subject to an intense case-by-case basis review to confirm (a) that the requirements for automatic firearms is legitimate, (b), that defence cooperation with Canada will enhance regional cooperation and security, and (c), that the country being considered for defence cooperation does not threaten regional or world security and does not maintain an excessive level of armaments.

A country's inclusion on the new control list does not in itself constitute authority to export automatic firearms to that country. It merely establishes the necessary grounds for initiating the standard case-by-case review to be applied to all exports of military goods from Canada. This case-by-case review will, in effect, be a second stage of controls on exports of automatic weapons. It includes the normal intense interdepartmental review in accordance with guidelines adopted by the government in 1986. That is, exports of military goods will be closely controlled to: (a), countries that pose a threat to Canada or its allies, (b) countries involved in or under immi-

nent threat of hostilities and (c), countries under United Nations Security Council sanctions or (d), countries whose governments have a persistent record of serious violations of human rights of their citizens, unless it can be demonstrated that there is no reasonable risk that the goods might be used against the civilian population.

Standard licensing requirements will also have to be met. These include providing an end-use statement and supporting documentation, most notably an international import certificate from the country of final destination. In addition, exports of automatic firearms will be reported in the annual report on exports of military goods from Canada. All production facilities in Canada for automatic firearms will have to be approved by provincial authorities. They also have to meet existing rigorous DND and DSS security standards, and are subject to regular rigorous inspections.

• (1110)

Honourable senators, penalties for offences of the Export and Import Permits Act are increased as follows: (a), for summary convictions, fines are increased from $5,000 to $25,000 and imprisonment for up to 12 months, or both; and (b), for indictment, fines are increased from $25,000 to an amount that is in the discretion of the court—which, in practice, means that there is no ceiling; and imprisonment for up to 10 years, instead of 5, or both. These increased penalties are intended to ensure that an adequate deterrence is provided for taking into account the seriousness of the offences and the value of goods that might be involved. These penalties will apply to all offences under the act, not just those related to automatic firearms.

Honourable senators, Bill C-6 also makes complementary amendments to the Criminal Code to permit import and possession of automatic firearms for "an industrial purpose", and in accordance with the Export and Import Permits Act. These changes are necessary because of an anomalous situation created by the 1977 amendments to the Criminal Code. Those amendments made it a criminal offence for anyone other than the Canadian Armed Forces or Canadian police forces to import or possess automatic firearms. As a result, Canadian industry cannot manufacture, service or repair automatic firearms for our NATO allies or defence partners. Adoption of Bill C-6 will mean that it will no longer be a criminal offence for Canadian firms to import or possess automatic firearms for the purposes of repairing or manufacturing automatic weapons for our NATO allies and close defence partners.

This aspect of Bill C-6 must not be overlooked. As noted by the 1987 Task Force on Defence Industrial Preparedness, vigilance and constant effort is needed if Canadian industry is to contribute effectively to joint allied efforts to cooperate in key defence product areas, including automatic firearms and light armoured vehicles. The requirements of the Canadian Forces are simply too limited for Canadian defence industry to remain viable. Exports under strict controls to our NATO allies and close defence partners are therefore essential to Canada's defence industrial preparedness. In this regard, Bill C-6 will benefit two Canadian defence firms: Diemaco of Kitchener; and General Motors Diesel Division of London.

[Senator Kelleher.]

Diemaco was established by DND in 1976 as the centre of excellence for small arms to ensure that Canada would not be totally dependent on foreign suppliers in times of emergency. Its facility is unique in Canada and is important to DND's long term operational readiness. The awarding of a contract in 1984 to produce the new family of weapons for the Canadian Armed Forces created 300 direct jobs at Diemaco's plant in Kitchener, 200 direct jobs at its 75 Canadian sub-contractors who manufacture components, plus an equal number of indirect jobs. This contract is nearing completion and Diemaco must now be able to secure export contracts. The requirements of the Canadian Armed Forces alone cannot sustain Diemaco over the long term.

Of particular concern is the possibility of Canada's losing Diemaco's $40-million computer-based manufacturing capability, which includes product design, engineering, metal finishing, plastic molding, precision casting, forging and machining, and extrusion techniques. At a time when Canada must upgrade the competitiveness of its industry, it would be extremely unfortunate and regrettable to lose Diemaco's related worker skills and technical expertise.

Diemaco, supported by its numerous sub-contractors, is currently competing for a contract to supply the Dutch armed forces with automatic rifles. The Dutch government has asked for assurances that Diemaco would be able to export the weapons if it won the contract. Owing to the current provisions of the Criminal Code, it may be illegal for Diemaco to manufacture automatic firearms for the Dutch armed forces. Failure to adopt the proposed changes to permit the proposed exports to the Netherlands will jeopardize Diemaco's future, and could mean that the entire small-arms manufacturing capability of the Canadian defence industrial base will be gone before long, possibly by as early as June, 1992.

The only solution is for Diemaco to win selected legitimate foreign contracts, and for the government to permit the company to export its modern, high quality products to our allies and defence partners through the passage of this amendment. Success in winning the Dutch contract will mean an additional 7,680 person years of direct Canadian employment, with the potential for almost doubling over the life of the project. Success will also ensure the ability to continue the development work necessary for new small arms for the Canadian Armed Forces into the next century.

Since receiving its first contract from DND in 1977, General Motors Diesel Division has become a world-class producer. To produce the LAVs, light armoured vehicles, General Motor Diesel Division employs 600 skilled workers at its plant in London, Ontario. In addition, General Motors draws on suppliers and sub-contractors from across Canada, including companies and workers in Richmond and Vancouver, B.C.; Edmonton; Winnipeg; Quebec City; St. John, Centertown and Moncton in New Brunswick; Mulgrave and Bridgewater in Nova Scotia; and St. John's, Newfoundland.

Last year General Motors it won a contract to export light armoured vehicles to the Kingdom of Saudi Arabia. This capped a marketing campaign that spanned more than a decade. It was first approved by the Liberal government in 1981 and has since been supported by successive Canadian governments. However, the anomalous situation under the Criminal Code may limit GM's ability to those few but important foreign markets to which Canadian foreign policy would permit access.

The government proposes to resolve this anomaly by adopting the amendments proposed under Bill C-6; negotiating a bilateral defence research, development and production agreement with Saudi Arabia; and including Saudi Arabia on the automatic firearms country control list.

Honourable senators, it is our intention to control more effectively, not to prohibit, the sales of military equipment. Canada will be extremely careful in deciding to which countries it should sell firearms. We will also make known which military goods are exported and to which countries. The proposed amendments to the Export and Import Permits Act and the Criminal Code will create the framework for Canadian defence firms that will enable them to compete more effectively under closely controlled conditions. Canada needs a strong defence industrial base to allow per-unit costs and to ensure Canadian sources in times of emergency. With these amendments, Canadian firms will be better able to meet Canada's defence requirements and those of our NATO allies and defence partners.

Some Hon. Senators: Hear, hear.

● (1120)

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I thank Senator Kelleher for his remarks and for his explanation. I appreciate the fact that he is presenting the case for this bill in as convincing a manner as possible, but the case is not a very wholesome one. Those of us who have been concerned about the international arms trade must be concerned about the implications of this bill. It is appropriate for Senator Kelleher to register the economic benefits that will accrue to two companies, General Motors and Diemaco, which, in the absence of this bill, would not be able to make these sales.

The amendment to the Criminal Code in this bill makes possible arms sales which are presently prohibited under the Criminal Code of Canada. It is stated that that prohibition is an anomaly and that the purpose of the bill is to remove that anomaly. Well, no matter how you slice it or how you describe it, the fact of the matter is that this bill facilitates the sale of weapons, to the Netherlands and to Saudi Arabia, which are presently prohibited under the law. That is the purpose of the bill.

There is, tacked on to the bill, another provision which has the effect of amending or changing the Export and Import Permits Act to list a number of countries to which sales can be made, with the ostensible purpose of constraining the minister from, as it were, authorizing sales which he might do in the absence of this constraint. This is basically window dressing because, in any event, the constraint or the list of countries applies only to conventional or automatic weapons, and the minister is free, as he has been up to the present time, to sell other weapons to a country which is not on that list.

I think we should all be concerned about this bill and the implications that it raises. The bitter experience of the Persian Gulf War and the arms buildup in Iraq, which made such a material contribution to it, are still very much on our minds. Even more troublesome is the fact that 1991 promises to be a record year for the sale of arms to the Middle East. That is before the physical damage that has been wrought by the war has been repaired; that is while hundreds of thousands of people have been uprooted from their homes and are searching for a habitation; that is while peace and security have been absent from the area. Despite all of this, the world is now intending ship into the Middle East a record supply of arms this year.

It stands to reason that the international traffic in arms must be curbed. The Cold War and the consequent arms race are over. The debt burden of developing countries makes it insane for them to be investing in more arms. It is incredible that, with the scarcity of international financial resources for pressing social and environmental problems throughout the world, developing countries are devoting such a large portion of their resources to the arms trade. It certainly appears to me that the present stepped-up arms trade is a negation of the so-called "peace dividend" which we were all expected to reap after the end of 40 years of Cold War tension.

In ordinary circumstances, Bill C-6 would provide the occasion for the Senate and the House of Commons to look closely at these broad questions and to situate a Canadian policy within that overall context, but certainly we will not have that opportunity on this occasion. The House of Commons did not have the opportunity because it was necessary to pass this bill quickly, for the reasons which Senator Kelleher has stated, namely to facilitate at least two up-coming arms sales abroad. Instead, the bill is being, shall I say, pushed through both Houses of Parliament. Why? The reasons we are given are threefold. First, we are told it is to remove what the minister in the House of Commons called an anomalous situation resulting from certain 1977 amendments to the Criminal Code. These amendments, as I pointed out, if applied in this case, would prohibit these arms sales, and we are removing these prohibitions. That is the guts of the bill, and the rest is window dressing, as I said.

Secondly, of course, the removal of the anomaly is necessary now; not next month or next year, but now, because Diemaco and General Motors Diesel Division could not otherwise export automatic weapons to the Netherlands and Saudi Arabia without violating the Criminal Code. That is the situation. The third reason is because the Canadian arms export policy is already one of the most stringent in the world.

I do not intend to take issue with that factual description: namely, that we do have a stringent arms export policy, that we are removing the anomaly, and that the purpose of remov-

ing the anomaly is to make possible arms sales which are presently prohibited by the Criminal Code. I do not take issue with those factual descriptions, but I do express concern at the timing and the unseemliness of this particular action and the fact that the government is taking a position at this time which seems to ignore, or to turn to one side, the agony through which the world has recently gone.

We took note earlier this year of the Prime Minister's proposal for a world summit on arms control. In February 1991 he made a speech in Toronto that might have been regarded as a public relations exercise, but which was happily followed up by a declaration recently in Bonn last week to the effect that Canada and Germany would raise jointly the arms trade issue at the coming London summit of the G-7. So while we are intending to raise the arms trade issue in London, at the same time we are amending a bill rapidly in order to make arms sales possible. No wonder the world finds political leaders hard to follow.

• (1130)

Certainly Bill C-6 does not line up in support of the Prime Minister. It appears to do the opposite, because Canada's priority in this bill is placed on the side of arms exports; and if GM carries out the Saudi contract—as it is struggling hard to do, and as undoubtedly its employees wish it to do because they want to maintain their jobs—Canada will join other arms exporters in an indecent haste to profit from a revitalized arms business in the Middle East.

The Canadian government, in doing this, is not giving much support to the Prime Minister. Further, the government's position is undermined by its own confusion or incoherence, or the contradictory messages it is delivering. The Prime Minister, in his Toronto speech, spoke of a global summit "on the instruments of war and weapons of mass destruction." Joe Clark gave a more specific definition of "the instruments of war" in a speech delivered in Quebec City on the same day. He spoke of an "integrating framework for systems ensuring the non-proliferation and control of weapons, including conventional weapons." Certainly, semi-automatic weapons are conventional.

I had understood that the Prime Minister's initiative would include conventional weapons, and that view was sustained by Mr. Clark's more specific statement as to "including conventional weapons".

I am satisfied that Senator Kelleher was honestly stating the case when he said that the amendment is to provide an opportunity to two Canadian bidders, but it will appear to those concerned with future curbs on the arms trade as an opportunistic and untimely move.

There are a number of questions raised by Bill C-6 which remain unanswered. The anomaly has existed since 1977, I understand. Why has it not been corrected in all those years? If the purpose of the amendment is to correct the anomaly, why is the government feeling obliged to bring down amendments to the Export and Import Permits Act at the same time? I understand that this particular amendment to the Export and Import Permits Act was put in the bill at the instruction of the then Secretary of State for External Affairs, Joe Clark. His purpose was to put into legislation some constraints on the minister's discretionary authority for the issuance of export and import permits for automatic weapons. Is that not creating another anomaly?

Under Bill C-6, the minister's discretionary authority would be constrained for automatic weapons, but not for much more lethal weapons. If a revision of this act is required, why not do it after careful consideration of all its provisions in the context of a thoughtful review rather than as the by-product of two possible commercial transactions? If the government is serious, as it says it is, and if the policy is as tight as it is alleged to be, why were amendments turned down which were proposed in the other place which would have had the effect of writing into the legislation some of the guiding criteria governing the export of arms policy? Why were amendments turned down which would have provided more opportunity in Parliament to consider and debate the implementation of this policy?

Honourable senators, quite apart from my view that Bill C-6 could be improved upon, I think it is most appropriate to question the government on the timeliness of authorizing the export of military equipment to Saudi Arabia. I understand that the United States will sell arms to Saudi Arabia. Is that a good reason for us to follow suit? Is it the view of the government that the peace process has made so much progress in the Middle East that Saudi Arabia can no longer be regarded as being in a zone of tension or potential conflict?

This is a very serious question. We have also been told that General Motors must be in a position to arm the turrets of the relevant light-armoured vehicles by July and to export them by September. We have to get the bill through if that is the case. There is no defence research and cooperation agreement between Canada and Saudi Arabia—at least that I am aware of. If that is correct, one will have to be negotiated before September at the latest—a rather tight schedule. What assurance do we have that the deadline can be met and, even more importantly, what bargaining position do we have in the negotiations when we are so eager to authorize and facilitate these sales? These are important matters which are of great concern to all of us. I think they deserve a very hard look which we cannot provide in these circumstances.

Those in the House of Commons must have guilty consciences as a result of passing this bill. They know that they have not given it proper attention and they are salving their consciences by saying that a committee of the house will examine the matter later in the fall. That is a pretty clear indication that there is considerable discomfort on the part of members of the House of Commons in supporting this bill.

Perhaps the Senate should do likewise. Maybe it too will salve its guilty conscience by having one of its committees take a serious look at the whole question of arms control. What is the destiny of Canada in the world if we now believe, following the events in the Persian Gulf and the horrendous human misery caused by our arms, that it is our mission to join in renewed arms sales to the Middle East?

• (1140)

I am not taking a holier-than-thou attitude, I assure you, because when I was in the government I did issue licences for the sale of arms, under the stringent controls that we had in place and now have in place. But it seems to me that in these circumstances we ought to give some signal to the world that we are not ready and we are not eager to join in the sale of arms, particularly to the Middle East, and to join in the sale of arms to Saudi Arabia, which is in the very centre of this area of tension. We cannot support this bill. We will not support it because of the concerns which I have stated in my short remarks.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I want to add a word about how much I support what Senator MacEachen has said and why I cannot support this bill. The reasons expressed by Senator MacEachen are quite adequate reasons, but I want to piggyback a voice, perhaps in the wilderness, citing this as another example of the continued use of euphemistic terms to describe the arms trade and the defence industry.

I believe that the arms trade is a mean, inhuman business. I think most people engaged in it realize that it is and, therefore, ease their consciences by using euphemistic expressions to describe it. The purpose of the arms trade is to produce arms, and arms are tools to kill and wound people. They do not exist to demolish buildings and replace buildings. They sometimes have the effect of demolishing buildings, but they are there to kill people. However, no one seems to say so any more. They use euphemistic words like anti-personnel devices. Well, the anti-personnel device exists, like all weapons, to kill people or to threaten them.

Senator Doody: Collateral damage.

Senator Frith: Yes, collateral damage is another beautiful euphemism. The word "defence industry" means the manufacture and sale of arms to kill people. When one talks about the defence industry one does not mean building an industry to defend ourselves against some attack that will happen tomorrow or at any time that we can articulate. The word "defence" does not mean defence any more; it is simply another euphemism, another attempt to create some sort of mask for the arms trade and for the manufacture of tools to kill people.

I support entirely the analysis and all of the points made by Senator MacEachen, but I just want to add that in my view it would be useful for us to face the fact that when we use these euphemistic terms, we are not talking about anti-personnel devices and "defence", but about devices to kill and wound people and create all the consequences described by Senator MacEachen which flow from that.

I believe that Canada's legislation in this area should not be making exemptions to a structure that puts us in the forefront of nations with strict policies against the arms trade. It should be legislation toward conversion to peaceful uses of these industries that, if we are honest, are designed and committed to the production and proliferation of weapons destined for the killing or intimidation of other human beings.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

On motion of Senator Kelleher, bill referred to the Standing Senate Committee on Foreign Affairs.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I intend to move that the Senate go into Committee of the Whole to consider the matters referred to it today, namely, the money laundering bill and the National Energy Board bill.

Hon. Allan J. MacEachen (Leader of the Opposition): When the work of the Committee of the Whole is completed, government orders will have been completed. What is the intention then for today? I know we have business for tomorrow.

Senator Doody: It is the intention, after the business of the Senate is concluded today, to adjourn until nine o'clock tomorrow morning.

Honourable senators, I should like to refer back to the bill which was just under discussion. I am told that the Foreign Affairs Committee has made arrangements to hear the Minister at eight o'clock this evening.

PROCEEDS OF CRIME (MONEY LAUNDERING) BILL

CONSIDERED IN COMMITTEE OF THE WHOLE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move that the Senate resolve itself into a Committee of the Whole to consider Bill C-9, to facilitate combatting the laundering of proceeds of crime.

The Hon. the Speaker: It is agreed, honourable senators?

Some Hon. Senators: Agreed.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on Bill C-9, Senator Rhéal Bélisle in the Chair.

Senator Doody: I would ask that the Honourable Minister Loiselle be invited to participate in the deliberations of the Committee of the Whole. The minister has two officials with him and I would ask leave to admit them as well.

The Chairman: Honourable senators, while the minister is being brought in with his aides, I wish to thank you for giving me the opportunity to chair the Committee of the Whole. Since this is the first time that we are sitting under the new rules, may I bring to your attention rule 65 (1) (a) and (b):

(1) The Rules of the Senate shall apply to Committee of the Whole with the following exceptions:

(a) a Senator may speak any number of times;.

(b) during debate in Committee of the Whole no senator shall speak for more than ten minutes at any one time;

And there are other rules on pages 64 and 65. It is my intention to recognize those who will raise their hands and I will recognize take them as I see their hands up.

Pursuant to rule 18 of the *Rules of the Senate*, the Honourable Gilles Loiselle, President of the Treasury Board and Minister of State (Finance); Mr. Yvon Carrière, Counsel, Text Counsel Division, Department of Finance; and Mr. James F. McCollum, Chief Industry Analyst Senior Sector Policy Branch, Department of Finance, were escorted to seats in the Senate chamber.

• (1150)

Senator Doody: Honourable senators, I am pleased to introduce the Minister, Mr. Loiselle, who will be pleased to answer any questions that honourable senators might have. I understand that he does not have an opening statement but is available for questioning.

I should also like to introduce Mr. James McCollum, Chief Industry Analyst, Senior Sector Policy Branch of the Department of Finance; and Mr. Yvon Carrière, Counsel, Text Counsel Division of the Department of Finance.

Senator Frith: What are we on?

Senator Doody: Bill C-9, the Money Laundering Bill.

The Chairman: Honourable senators, the Senate is in Committee of the Whole on Bill C-9, an act to facilitate combatting the laundering of proceeds of crime.

Shall the title be postponed?

Senator Frith: I think we will have some questions first, before we proceed to a clause-by-clause study.

Senator Stanbury: Mr. Chairman, may I ask the minister some questions?

The Chairman: Yes, you may.

Senator Doody: We will have some questions, Mr. Chairman, before we proceed to the clause-by-clause study.

The Chairman: Does the minister have any opening statement?

Senator Doody: No.

Senator Stanbury: Mr. Minister, all of us appreciate the fact that this bill has finally come to us. We have read clause 2 of the bill, which sets out the object and application of the proposed act. It would be only fair for us to point out that the Standing Senate Committee on Legal and Constitutional Affairs made a strong recommendation, when it was dealing with the Criminal Code amendments which came considerably earlier, that this kind of legislation should have been introduced at that time; so that it does not sit well with us to criticize this act very much, because it is doing what we said should be done some time ago.

[The Hon. the Speaker.]

There are several things that I should like to ask about the wording of the bill and the application of it as I understand it.

Proposed section 3 substantially broadens the definition of financial institutions. The only problem I see with it is that it opens the door substantially to the government to develop its own definition of to whom it is intending to apply the proposed act. For example, clause 3(h) will let businesses or professions be added by regulation. We have no regulations, so they will not know whether or not they are covered. There is no provision for notice to them other than the publication in the *Canada Gazette*. It concerns me that there may well be businesses or professions added to the regulations without their realizing they have been added, and therefore will not begin making their records until some issue arises. Can you give us any satisfaction in terms of this problem?

Mr. Loiselle: Thank you, senator. You said that you should have come forward some time ago with regard to this particular bill. I should like to inform you that we have been consulting extensively with financial institutions, the private sector and the provinces in order to ensure that what we were doing was acceptable, efficient and covered the areas that we wanted to cover.

Referring to the definition of the institutions or people to be eventually targeted by this legislation, at the present time it is clear that we are dealing with the banks, the credit unions, Caisse Populaires, life insurance companies, trust and loan companies, securities firms and foreign exchange houses. Inasmuch as money laundering is an ongoing crime that evolves, we want to retain the capacity to act should the RCMP or other enforcement authorities indicate to us that there is a need to extend it.

At the present time we indicate in the bill that it would cover the professionals who handle large sums of money. We have been in touch with and have consulted and discussed—and I personally have consulted with representatives of the legal profession, who are now satisfied that what we are doing is acceptable. They were worried that the relationship between solicitor and client would be affected by this bill, but it is not; also, the intent had to be there. We covered that. Presently we are there. We want to retain capacity to extend to other professions or other groups should indications arise that they have become used more and more for money laundering purposes.

Senator Stanbury: I can understand your need to have flexibility in the matter, but the problem for me is that you are not obliged to let people know in advance that they are involved. Yet clause 4 goes on to say that they have to keep certain records. How will they know whether they are supposed to keep certain records if you are able to add their professions at a particular time when an issue arises, when they have not realized that they were to be added before that?

Mr. Loiselle: You raise a valid point. In the regulations you will have a prepublication. We will do with the new groups what we have done with the institutions. We started with the institutions because they had already been identified as vehi-

cles for the money laundering; but there would be consultation and then prepublication. We would be sure that these groups are fully aware of their legal responsibility. To us, that is important.

Senator Stanbury: That is an important aspect of it. We will have to depend upon the Joint Committee on the Scrutiny of Regulations to draw to our attention anything that seems to be outlandish.

Senator Frith: May I ask a supplementary question?

Senator Stanbury: Yes.

Mr. Loiselle: Before you do, may I indicate immediately that we do share this concern? It is our intention to address this problem with great care because we realize that we cannot immediately move to a new target group and try to catch them off guard. We will have to give them the time to adjust and make information available.

• (1200)

Senator Frith: However, the effectiveness of the regulation and the imposition of responsibility that flows from it will not be dependent or conditional upon notice having been given and received?

Mr. Loiselle: That is right.

Senator Frith: The imposition of the responsibility to which Senator Stanbury and the minister have been referring will take place even in the absence of such notice, unlike, for example, in any official imposition of responsibility by a court where one has to give notice to the person affected. And as for the imposition of an injunction, one has to prove that the person knew its terms and application, which is not—

Mr. Loiselle: A precondition.

Senator Frith: The imposition of the obligation is not conditional upon notice having been given and received. First, is that correct, Mr. Minister? Second, if it is correct, is that the area in which you will be exploring improvement?

Mr. Loiselle: We will use the ordinary or usual means of doing that, apart from the consultation process. These things move very quickly. Whenever we talk about lawyers, for example, representatives of the profession—and very rightly so—immediately ask to discuss matters with us. They have their own journals, so that the information gets out to their members. I repeat that a notice will be published in the *Canada Gazette* for at least 90 days before the regulation takes effect. That, having been preceded by discussion, consultation and information, should allow us to feel confident that these people will be—

Senator Frith: If anything like that falls between the cracks, the person will be covered and responsible even though he may not have known; is that right?

Mr. Loiselle: Indeed. Once the publication—

Senator Frith: In other words, for the obligation to be imposed, you do not have to prove that notice was given, or that notice was taken?

Mr. Loiselle: The 90-day prepublication will be a legal obligation.

Senator Frith: I understand. You will not go any further than that?

Senator Stanbury: I realize this is not connected, but I thought that perhaps I should draw it to the attention of the minister. Under, Offences and Punishment, clause 6, it states, "Everyone who knowingly contravenes . . .". I assume that that does not refer to knowing that they have such a responsibility, but a question of knowing they were in breach of the act.

Senator Loiselle: You are right, senator.

Senator Stanbury: I keep coming back to the regulations since our main concern is that there are so many open doors and that careful monitoring will be required. For instance, clause 4, which is the essence of the bill, states:

> Everyone to whom this Act applies shall keep and retain records relating to financial activities in accordance with the regulations made under subsection 5(1).

Yet we do not know what those records, the extent or nature of them, will be.

Mr. Loiselle: The regulations will determine what the record-keeping obligations are. They will be established in a similar fashion, I suppose, to those that have already been established in financial institutions, something which was done at their request. I do not see any particular difficulty there. We have to reconcile the full need of the law enforcement agency, in particular the RCMP and other police forces, to have the information they need and, at the same time, the desire not to impose on any institution, group or professional the need to keep useless information that can become very costly. That has not proven to be a difficulty. I would say that most professions keep this information in any case. What is important is the way in which they organize it so that it can be accessed in a more useful and practical way. Again, I do not think that should be too much of a problem. It will be discussed with the groups which will become target groups, and the regulations would provide for that. The draft regulations are presently and publicly available.

Senator Stanbury: I have not had an opportunity to look at the regulations that were developed under Bill C-89, which died at the end of the last session of Parliament. Will the regulations be roughly the same in that particular area?

Mr. Loiselle: I am told that they will be pretty well the same.

Senator Stanbury: Mr. Minister, under clauses 5(1)(a) and 5(1)(*d*)—and I am thinking now about the measures that are to be used to identify customers or clients who should not be dealt with in these circumstances—I find something rather troublesome. Can you give us any indication as to how that will be determined? How are people to identify the customers and clients with whom they should not be dealing ?

Mr. Loiselle: Mr. Chairman, I would ask Mr. McCollum to respond, if he may.

Mr. James McCollum, Chief Industry Analyst, Senior Sector Policy Branch, Department of Finance: Honourable senators, the current draft regulations call for client identification in keeping with sound business practices. In keeping with what is standard currently in the industry, for example, in the case of a bank, we are basically concerned with the bank knowing its client. The same applies to the other industries involved.

Senator Kinsella: May I ask a supplementary question? Under clause 5(1)(d) and the regulatory power that the act is to provide, banks can be required to take steps to ascertain the identity of these persons. Can you give us some practical examples, sir? Will you use ordinary means to impose upon the banks or co-operatives measures to know with whom they are dealing in order to identify these people; or will there be extraordinary means such as the use of surveillance?

Mr. Loiselle: No, senator, not at all. The banks themselves, and all financial institutions, have in place a policy within their branch networks to know their clients. If someone comes in with a large sum of money, the banker should have a normal curiosity about that money, unless he has been dealing with that person and knows that he is a businessman who comes in every Friday with a certain amount of cash from his company. So the banks get to know their clients, and they accept that. It is a general definition of a normal kind of relationship with clients. No one comes into a bank with $2 million and drops it on a desk without the banker asking, "So, where does this come from?" The banker wants to know who these people are. It is the ordinary responsibility of institutions to know their clients. This is accepted in the industry without too much difficulty.

• (1210)

Senator Neiman: Mr. Chairman, I have a couple of questions. I received on my desk this morning the June edition of the National, the publication of the Canadian Bar Association. In it was an insert called "Ottawa Report", which is prepared by the Legal and Governmental Affairs Committee of the Canadian Bar Association. You will be happy to know, Mr. Minister, that it says, "C-89 is dead. Long live C-9." I have read through this report, and the gist of it is that the Canadian Bar Association is extremely happy with the changes that have been made in C-9 as compared to the contents of C-89. One thing the report mentions is that C-89 established recording requirements for transactions of $10,000 or more. I have looked through C-9 quickly and I do not see any figures cited. I assume that they will be established by the regulations. How will this be made clear to everyone who might be affected by the bill?

Mr. Loiselle: The United States has an approach whereby all institutions have to report to the agency and other people who have to look at these reports. The international community has looked at this approach and found that it does not produce the results that were expected when that provision was implemented. With this rule anyone can come in at $9,999, just push it through and they do not have a problem anymore. We want all transactions to be reported. So it will be defined in the regulation, but there will not be a number under which you do not report. All transactions will have to be recorded. So if there is a need for the authority, through the proper process of access—a judge who will give access to the information—it will be easier to find a trace, instead of having to go through a room full of documents from all over the place that you do not know what to do with, and that you may work on for a long time without finding a lead. The regulations will define the transaction but there will be no $10,000 limit.

Senator Neiman: Again, this "Ottawa Report" states on behalf of the Canadian Bar Association that the association is quite satisfied with whatever the definition will be as regards the responsibility of lawyers to report just those matters not defined as lawful client transactions. I wonder how that protection will extend to the other groups that you may define under those sections of the act to which Senator Stanbury and Senator Kinsella referred.

Mr. Loiselle: To be precise, it is not reporting. Institutions or lawyers have to keep records of transactions in their offices. In the case of lawyers, because they do not deal as frequently with this kind of thing, anything above $10,000 has to be recorded. So if a transaction by a certain person becomes suspicious, after accessing the information through the legal process, there will be a trace. So they have to keep a record. It will be the same for other groups, such as car dealers, if we find that they have become targets for money launderers.

Senator Neiman: I have one short question. We were given this morning a copy of a motion introduced by Mr. Langdon in the other place amending clause 5 of the bill. I do not understand it. There is simply written on the bottom "Agreed June 19, 1991" and a signature that I cannot identify. Is this an amendment to the act or is it simply a motion that did not carry?

Mr. Loiselle: It is an amendment that was accepted. Basically, it changes the numbers, but not to a point that would cause any particular problem.

Senator Stanbury: Mr. Chairman, I have one further question. There has been some concern expressed in connection with the act about the definition of the word "person". Clause 7 says:

> Where a corporation commits an offence under section 6, any officer, director or agent of the corporation who directed, authorized, assented to . . . is a party to and guilty of the offense . . .

What about other businesses? For instance, is a junior lawyer, what they now call "an associate", responsible and liable to be convicted of this offence? Generally speaking, what about people in relatively minor roles in other professions or businesses?

Mr. Loiselle: I am told that the law will apply only if they are incorporated.

Senator Stanbury: So, in terms of unincorporated businesses, let us say limited partnerships, associations or profes-

sional firms, each person is individually responsible; is that true?

Mr. Loiselle: Yes.

Senator Stanbury: Regardless of their position in the firm or business?

Mr. Loiselle: Indeed.

Senator Stanbury: I thought it would be useful to have that clarification on record.

Mr. Chairman, those are my questions.

The Chairman: Are there any other questions?

Mr. Loiselle: Mr. Chairman, if I may, I would like to thank you for having received me today. It is always a pleasure to come to this house.

The Chairman: Thank you for coming.

Honourable senators, shall the title be postponed?

Hon. Senators: Agreed.

The Chairman: Shall the short title stand?

Hon. Senators: Agreed.

• (1220)

The Chairman: Shall clause 2 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 4 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 5 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 6 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 7 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 8 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 9 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 10 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 11 carry?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 1, the short title, carry again?

Hon. Senators: Carried.

The Chairman: Honourable senators, shall I report the bill without amendment?

Hon. Senators: Agreed.

Senator Doody: Mr. Chairman, before the Committee of the Whole reports the bill, I would suggest that the Committee of the Whole remain in session and that we now proceed to Bill C-2. Then both bills can be reported at the same time.

Therefore, with leave of the Senate, I would ask that Mr. Epp and his officials be invited to join us in Committee of the Whole.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—CONSIDERED IN COMMITTEE OF THE WHOLE

The Chairman: Honourable senators, the Committee of the Whole will now consider Bill C-2, to amend the National Energy Board Act.

Senator Doody: Honourable senators, I would welcome the Honourable Mr. Jake Epp to our committee. He has agreed to answer questions on Bill C-2. He has with him two officials and I would ask him to introduce them. I believe he has a short opening statement.

Hon. Jake Epp, Minister of Energy, Mines and Resources: Honourable senators, although I have a prepared statement, I will not read it; rather, I will give you the general background to Bill C-2.

As all of you are aware, the National Energy Board was created in 1959. Its purpose was to regulate not only the oil and gas industry but also the export of energy both interprovincially and internationally. The National Energy Board has gone through a number of changes over the last several years, not the least of which is that it received environmental responsibilities in the last mandate of this government.

The location of the National Energy Board has been a matter of debate in the country from many years. About 80 per cent of the National Energy Board's activities are now related to the oil and gas sector and, while that may vary slightly from year to year, depending on the types of applications before the NEB relating to the mix between oil and gas particularly, and electricity and electricity exports, that is about the average percentage.

There have been resolutions before the houses for the moving of the National Energy Board dating back to the early 1970s. In fact, if we go back to the inception of the board, there was debate even then as to what should be the location of the board.

With the changes in administration and in the purpose of the NEB, intervenors and applicants were to pay, on a cost-return basis, the costs of the board, and with 80 per cent of the board's work being in the oil and gas field, it became important to reduce costs to those making application before the board.

Bill C-2 changes the designation of the board and its membership from Ottawa, or the National Capital Region, to Calgary—or, if the Order in Council is so approved, a person could live somewhere else. In essence, the board's location would be Calgary.

We have received changes from the Treasury Board with approval for relocation expenses, and that is generally the same now for all members of staff, whether management or support staff. If almost the full complement of people moved, that cost would be about $26 million and that would be returned to the government through the allocation of costs to intervenors up to approximately 85 per cent.

In essence, that is the nub of the bill. Mr. Chairman, if honourable senators have questions, we would be glad to try to answer them.

The Chairman: Thank you, Mr. Minister.

Senator Stewart: When the minister referred just now to the recovery by the government of about 85 per cent of the cost of relocating members and employees of the board away from Ottawa, he also said something about this 85 per cent being borne by intervenors. Would he amplify his explanation of that point?

Mr. Epp: If an application is made before the board by, let us say, a pipeline company, the cost of that application is now to be borne by those who make the application. Obviously, now the relocation costs will be factored into the cost of running the board, and those costs will be borne by those who make application before the board.

Senator Stewart: Is an applicant now to be assessed a new element of cost—a cost that is not assessed under the present regime?

Mr. Epp: Up to now they were assessed annual operating costs, and this will be an additional cost.

Senator Frith: Mr. Minister, the perspective of my question is related to the adjustments to the lives of employees and, therefore, I will be asking you for specifics about the application of what I believe is called the "Workforce Adjustment Policy." In each instance I will ask you whether special arrangements have been made for a particular group under the Workforce Adjustment Policy.

The first group I will refer to is those who might be highly specialized in their skills and who, for some reason, elect not to go to Calgary and who find themselves in a difficult spot because, in effect, the field where their specialty lies has been transferred many miles west. Is there anything in the Workforce Adjustment Policy to meet their needs?

Mr. Epp: Mr. Chairman, the answer to that is yes. Let me preface my remarks, if I might, by one comment: I believe very strongly that it is important that regulatory agencies, even though there are dislocation issues relating to employees, should be located near the place where the vast majority of the activity is located. The same thing applies whether we are discussing the Canadian Wheat Board or the Canadian Grain Commission in Winnipeg. It is legitimate that they are in Winnipeg at the corner of Portage and Main, and it is going to be legitimate for the NEB to be in Calgary.

• (1230)

There is a workforce adjustment plan under which those who choose not to go will be given job preference through the Public Service, not necessarily only in Ottawa but in the Public Service. A number have already received offers. We should keep in mind—and I think we all appreciate this—that there are possibly not as many job openings in the Public Service today because of restraint programs as there have been at other times. However, EMR particularly has received a mandate to find locations for these people wherever possible, and we are doing that. That does not answer the various adjustment programs beyond the workforce adjustment programs which we received from the Treasury Board when we made special application.

Senator Frith: Then I want to ask you about special measures, which I take it would be part of this policy, such as housing. I may be wrong, and you can tell me if I am, but I assume housing is one.

Mr. Epp: Yes, Mr. Chairman. To put it into quick, succinct terms, we received the workforce adjustment program plus the following from the Treasury Board: First, spousal assistance, to help the spouses of NEB employees find employment in Calgary.

Senator Frith: That was to be my next question, so please continue.

Mr. Epp: In fact, I met with the mayor and the council and other people in Calgary. We created a list not only of spouses but of jobs, careers and specialties that they had, which I conveyed to the people of Calgary, and which they received very openly. They recognized that these were people with great skills and that there would be assets coming to Calgary beyond the National Energy Board. I think that Calgary hospitality has been second to none.

Second was the issue of the French language components.

Senator Frith: That was to be my next question.

Mr. Epp: There could obviously be difficulties in moving from the National Capital Region to Calgary. Keep in mind that we brought in a group from the mayor's office, including his press secretary, who is fully bilingual. We brought them here to Ottawa and they showed us, for example, French language schools in Calgary, French theatre, French social activities and the vibrancy of the French-speaking community within Calgary. They also showed French language immersion figures which are rather astounding when you consider Calgary versus some other cities. I am not saying that we addressed everyone's concerns, but I think we gave to them as good a language package, if I can characterize it that way, as we were able. Additionally, we are providing language training for unilingual French spouses, which will take place at a private language school in the National Capital Region prior to the relocation, and we will continue that work in Calgary.

Third, we provided a return trip option to employees between their second and third years in Calgary. Those choosing the option will have the right to be declared surplus, which brings us back to our earlier discussion about the Public Service.

Fourth, we provided a guaranteed home-sale plan, under which the fair-market value of homes will be established by professional, independent appraisers. There was a factor of about $850 that we built into that as well.

Where I have received criticism, where it is "not quite the same" for everyone—just, perhaps, to answer the question before it is asked—was in an area of what is known as incidental expenses. Under Treasury Board regulations, incidental expenses for the management categories are at approximately 7 per cent. It relates to salary. Others are at 6 per cent. I am sorry to get into such great detail but that is the one area where the package is not fully the same for all; but I think I can say, without any equivocation, that this is probably the fairest deal that we have seen in terms of relocation and its universal application, from those who are in the "X" category to those who are in the support category.

Senator Frith: Mr. Minister, you have anticipated some of my questions. It seems that there are two areas of concern, and you have dealt with both of them. They are the question of cost, and then what you might call the question of ambience or cultural adjustment. I have nothing more to ask you about the cost side. I would like to be assured that you feel comfortable with the program as it relates to adjustment, for example on the issue of the adjustments that francophones will have to make. Can you assure me that you are comfortable that the extent of sensitivity to those needs that you have described will continue? In other words, can you assure me that this is not a policy on which, at a certain point, you will close the door and lock it? Am I safe in saying that, as a part of this move, you will continue to be sensitive to problems that arise as a result of the implementation of existing programs that you have now created as well as to the need for new ones as you review or monitor the effectiveness of the programs you have described?

Mr. Epp: Mr. Chairman, the answer to those questions of continuing sensitivity is yes. I fully recognize that a different ambience, a different milieu, is going to create different issues—in some cases, disadvantages; more often than not, I believe, advantages. Keep in mind as well, sir, that, under guidelines for regulatory agencies, there has to be a substantial bilingual capacity. The NEB is subject to that special condition as well.

Senator Frith: Our focus recently has been on people who are moving to Calgary. May we return to the people who have elected not to go? You referred to some special arrangements for them. Do they include things such as the assistance of what I think are rather crudely called "head hunters"? Will there be experts in the Public Service actively hunting for job placements for these people, or will they simply be financially assisted in spending the time doing it themselves?

Mr. Epp: Mr. Chairman, in some cases "head hunter" work, particularly where there is a special expertise. If you take a look at those people who are moving, you will find, whether they are board members, EX level or SM level, that we were very concerned about maintaining a critical mass of the expertise that we had at the board, even though I knew that we could hire a lot of expertise in Calgary and the surrounding area. Those percentages run as high as 60, 70 and 80 per cent.

Senator Frith: What percentages are those?

Mr. Epp: Sixty, 70 or 80 per cent of the higher categories are moving to Calgary. Our 45 per cent factor is the percentage of the total numbers of people now employed by the NEB and the tie-in with COGLA.

Senator Frith: In other words, the ones staying?

Mr. Epp: The ones staying were as low as 20 per cent in the service category, people such as secretaries, office staff and so forth. So we are in that 45 per cent range of total numbers. When TransCanada Pipeline moved from Toronto to Calgary, there arose what became known as the TCPL template. In other words, everybody starts comparing themselves to TCPL. TCPL got close to 50 per cent. So I think we are fairly close.

Senator Frith: I am not sure what you mean by that.

Mr. Epp: About 50 per cent of their employees from Toronto moved to Calgary. That became the example to get close to.

Senator Frith: That was considered a high level of success?

Mr. Epp: A benchmark, at least for everyone in Calgary. I will not discuss what the people in Toronto thought, but seriously, that is what we are measuring ourselves against. When you take a look at the 20 per cent category of support staff, while I am not trying to be gender conscious in any way, many of these people are women whose spouses have other jobs in the National Capital Region, often in the Public Service, and are getting a better salary than many of these people. So the economics and the decisions that came within a family unit are very much reflected in those percentages. Therefore, we feel that head hunters are not as important for us as knowing that these people are available in the Public Service bank. These Public Service job openings will arise in the next year. Therefore, we feel headhunters are not as important for us as knowing that these people are available in the public service bank. These public service job openings will arise in the next year.

• (1240)

Senator Frith: So when you are dealing with either those that move to Calgary or those that wish to stay here, are there adjustment policies and help in place and available, not only for the NEB employees in both branches but also for their spouses and their families? In other words, suppose the family makes the decision to move to Calgary—they have moved there, they are there—you do have in place programs to help the spouses and families of the people that move. Similarly, for those who decide to stay, you are taking into account that factor also? Am I being too all-embracing in that question?

Mr. Epp: Mr. Chairman, maybe I can answer that question very quickly. There are seven points relating to those that are staying! Number one, a six-month surplus commencing October 1 and ending March 31 which goes back 13 months after the announcement—so, within that year. Two, effective status effective the date the employee decides not to relocate; therefore, that becomes the date. Three, job swapping possibilities; we are looking at that. Four, job search seminars and career counselling are being provided. Five, all other federal departments have been asked to consider NEB employees and have been offered person-years and salary until the end of the surplus period. Six, EMR has agreed to include NEB employees in its internal priority system, which I mentioned. Seven, reasonable training expenses will be paid; and, under this program, 30 of the employees not going have already found jobs.

Senator Frith: That would be a continuing program? That is, for those that are staying?

Mr. Epp: Yes.

Senator Frith: I have another detail involving the family, which seems like a small point but if you are a member of the group that it applies to, it might not seem so. I am thinking, for example, of those who might have custody arrangements if their family is split. I have asked you about the family, and what you do for the spouse and the rest of the family. However, suppose they have not stayed together and there are custody arrangements that might prohibit them from leaving certain regions without having to go back to court, and so on; to use our vocabulary, is your program also sensitive to that possibility?

Mr. Epp: Mr. Chairman, this issue has not been raised with me, but officials inform me that there have been some special conditions where the chairman has been, and is, looking at arrangements to be made.

Senator Frith: That leaves one last category; that is, those who decide to relocate and then, for some reason that is not a capricious one but is beyond their control, such as illness, either their own or someone they are close to, they cannot then move. Will they be in the position of being treated as having abandoned their position and therefore, be in effect, be on the street?

Mr. Epp: No, Mr. Chairman. There is a return option. I believe it is between the second and the third year. Under certain conditions, as long as arrangements are made with the board, they can return to Ottawa.

Senator Frith: You have referred to a question I did not ask, but I wish I had; that is, people who move and then have to come back.

Mr. Epp: Who want to come back.

Senator Frith: Yes, thank you for the answer to that. If I had thought of it, I would have asked that also, but the question I was thinking of concerned people who make a decision here in Ottawa to relocate and then something happens that requires—

[Senator Frith.]

Mr. Epp: Oh, yes, before they relocate?

Senator Frith: Yes, before they relocate, something happens that prevents them from being able to relocate, especially where it is not a capricious, or could not be alleged to be a capricious, reason—sickness or something of that kind—and then they cannot relocate. Have you got some program for trying to find them a spot here?

Mr. Epp: I can check, Mr. Chairman, with the board. None of these cases have been—

Senator Frith: There are no such cases?

Mr. Epp: No such case has been brought to my attention.

Senator Frith: Is your program flexible enough to be sensitive to that possibility?

Mr. Epp: I would think, Mr. Chairman, that these people would fall in the same category as those who are staying, and the same conditions would apply to them.

Senator Frith: The last subject heading is the general subject of training. You have put something on the record already about this, but I want to make sure that I have everything. For those who do not move and want to stay, you have a program to try to find jobs for them. Is there any retraining program for them?

Mr. Epp: Mr. Chairman, that falls within the Public Service guidelines under training within what is referred to as surplus staff, and that is taken care of through the Public Service.

Senator Haidasz: I do not wish to sound facetious, but I would like to ask the minister whether any services or any part of the National Energy Board will remain in Ottawa, or is everything being moved to Calgary?

Mr. Epp: Everything is being moved to Calgary, Mr. Chairman.

Senator Haidasz: What is the cost of this move?

Mr. Epp: $26 million dollars, if all whom we believe will move, do, in fact, move.

Senator Haidasz: Although Toronto was not in the picture for the new head office for the National Energy Board, I was in Regina in May and while there I was told that Saskatchewan contains abundant energy resources. In fact, it has the best, the cheapest and the easiest-to-mine uranium supplies in Canada, if not in the world. I would like to find out from the minister why was Regina passed by for Calgary.

Mr. Epp: Mr. Chairman, I am glad that the honourable senator has raised the matter of uranium. Saskatchewan now produces 20 per cent of the world's uranium supply. It is the cheapest and the best uranium. I am glad to have his endorsement for moving further on the atomic energy side of the equation as well as on uranium. Hopefully there will be some happy announcements before long in Saskatchewan.

Second, I gave you the figure of up to 80 per cent. Even though the applications can vary and these numbers can vary from year to year, if we have a number of electrical export applications, let us say from Quebec Hydro, that number

might change slightly year after year; but on average between 70 and 80 per cent is oil and gas. In fact, a pool of expertise is available largely in Alberta; not exclusively, but largely. If you look at the 70 to 80 per cent factor, the logical place is Calgary, just as I mentioned earlier that the logical place for the Canadian Wheat Board and the Canadian Grain Commission is Winnipeg. Maybe the Farm Credit Corporation should be moved to Regina.

Senator Haidasz: Mr. Chairman, can the minister conclude by saying that this move of the National Energy Board to Calgary will increase the security of energy supply for Canadians?

• (1250)

Mr. Epp: Mr. Chairman, Canada has great security of supply in energy. We are dramatically self-sufficient in coal. We are still in an export position with oil, and that is why we are doing megaprojects for increased production. We are now supplying about 10 or 11 per cent of American supply of gas and we still have vast supplies available. With regard to hydraulic power, again we are the envy of the world. Keep in mind that the United States imports 50 per cent of its oil. We export 8 per cent of our surplus.

So the National Energy Board has a mandate to ensure that there are supplies for the contracts that are being made. The market teaches us never to get a board to tell us what we have to have inground. You reduce the amount of reserve you have. Allow the marketplace to get money for what it has in the ground. It will find new reserves, it will find new sources, and that is the best way to go.

Senator Haidasz: Mr. Chairman, I would like to ask the minister whether this will help to reduce energy costs for Canadians in comparison with the cost in the USA.

Mr. Epp: Mr. Chairman, I take it the honourable senator is talking primarily about gasoline. Canadians have only one reference point and that is to the United States. I have said very openly and clearly that if you take a look at the differential, other than economies of scale, you can possibly find a factor of 1.5 to 2 cents per litre on economies of scale distribution for the differential between the United States and Canada.

The other differential is tax, pure and simple—federal and provincial tax versus federal tax and stated tax. If you look at Canadian federal tax to federal tax in the United States you will find that Canadian federal tax is less. If you compare a general average of provincial tax in Canada versus an average of state tax in the United States, you will find that we are dramatically higher on the provincial side.

To put it very bluntly, when people cross the boarder to buy gasoline, it might be Canadian gasoline but they are not paying Canadian tax. That is the differential. If you compare it to the world, or even only to Europe, you will find that the reference points change very quickly.

There is a myth that if you raise the taxes you get more revenue, and also you are going to have less personal use of gasoline. Let us look at the Swedish model. In Sweden they are now charging between $5 and $6 in U.S prices for a gallon of gasoline. They call it a green tax. There are a lot of proponents for a carbon tax or green tax. They raised the so-called green tax and reduced the use of gasoline by 2 per cent. Some people assume that by simply raising the price of gasoline you will have a reduction of personal motor fuel use; but that is not the case. Also in the Swedish model they exempt industry from the green tax. They only charge it for home heating or for personal use such as in cars.

I remind honourable senators that just a few weeks ago there was quite a debate in Quebec when it was discovered that Quebec Hydro was giving various companies a preferential power rate because they were massive users of power. Sweden does it all the time. I ask honourable senators and Canadians generally to compare our gasoline costs and our energy costs not only to the United States but to other countries, and to then factor in as well what they do in order that their industry remains competitive.

So let us move down that environmental track, let us move towards stabilization, but let us not play boy scouts. Let us know all the details before we make decisions which might hamper our industry.

The Chairman: Are there any further questions?

Senator Frith: Partly out of curiosity, does the cost of easterners now going west to get to the Energy Board cancel out the cost of westerners who previously had to go east?

Mr. Epp: I do not know if I can answer that, Mr. Chairman. There has been, for example—

Senator Frith: Was it included in the estimate of cost?

Mr. Epp: I will get to that. The Minister of Energy for Ontario criticized me rather strongly and publicly for moving the National Energy Board from Ottawa to Calgary. She said that "this will affect the decisions of the board". The natural rhetorical question is: If that is the case, did the location of the board in Ottawa affect its decisions up to this time against the producing provinces. That is a rhetorical question that could be asked.

I do not buy that. Quite frankly, I think the board is professional and the industry sees it as professional. Keep in mind, senator, that our board hearings now can be very long. I will just give you an example—

Senator Frith: I was not raising any question at all about bias in the board, or alleging it.

Mr. Epp: But I am talking about cost as we move toward that because the argument of the Ontario government was cost and alleged bias. On the cost factor, if, for example, there is a major hydro export application from Quebec, or there is a major hearing or finding regarding a gas pipeline such as Gananoque, which we had just recently, those hearings will take place in that region, which will reduce the cost for the industry that is resident outside of the Alberta region.

We have not been able to calculate all costs, but keep in mind, for example, the Iroquois Northeast hearings which lasted for months. I believe that the board has to be resident

where those applications are made in order to reduce costs that way. Obviously it raises our cost; but if you are looking at recovery from those who have made application, you factor that in.

Senator Frith: I just want to put on the record clearly that I was not criticizing either the partiality of the board, nor do I feel that we can ever forget in this huge country that if there is good reason to move something somewhere, the fact that it costs more to do it is no reason not to do it. The question was asked out of curiosity. If there are good reasons to move the NEB to Calgary and it costs intervenors and the taxpayers, a bit more to do it, then that is the price of trying to maintain a big country like Canada, it seems to me.

Senator van Roggen: Mr. Chairman, in answer to Senator Frith's question, the saving in costs will be that those from British Columbia will now have to retain fewer Ontario lawyers.

Senator Frith: Well that may open a whole new branch of questioning. I had not thought of that. That does worry me a bit, but I will not persist.

The Chairman: Thank you, Mr. Minister. There are no more questions? Honourable senators, shall the title be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause 1 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 2 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 3 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 4 carry?

Hon. Senators: Agreed.

The Chairman: Shall the title carry?

Hon. Senators: Agreed.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

• (1300)

The Hon. the Speaker: Honourable senators, the sitting is resumed.

PROCEEDS OF CRIME (MONEY LAUNDERING) BILL

REPORT OF COMMITTEE OF THE WHOLE

Hon. Rhéal Bélisle: Honourable senators, the Committee of the Whole, to which was referred Bill C-9, to facilitate combatting the laundering of proceeds of crime, has examined the said bill and has directed me to report the same to the Senate without amendment.

[Senator Epp.]

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

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—REPORT OF COMMITTEE OF THE WHOLE

Hon. Rhéal Bélisle: Honourable senators, the Committee of the Whole, to which was referred Bill C-2, to amend the Energy Board Act has examined the said bill and has directed me to report the same to the Senate without amendment.

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

APPROPRIATION BILL NO. 2, 1991-92

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government), moved the third reading of Bill C-24, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1992.

Motion agreed to and bill read third time and passed.

COMMITTEE OF SELECTION

FOURTH REPORT ADOPTED, ON DIVISION

The Senate proceeded to consideration of the Fourth Report of the Committee of Selection (membership of certain select committees), presented in the Senate on June 19, 1991.

Hon. Orville H. Phillips: Honourable senators, I move the adoption of this report.

The Hon. the Speaker: It was moved by the Honourable Senator Phillips, seconded by the Honourable Senator Tremblay, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): On division, for reasons that you know.

Motion agreed to and report adopted, on division.

[*Translation*]

SCRUTINY OF REGULATIONS

FIRST REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the first report of the Standing Joint Committee for the Scrutiny of Regulations (permanent reference), presented on June 13, 1991.

Hon. Normand Grimard: Honourable senators, the report was tabled by Senator Cogger who is not in this chamber, but with his permission, I move the adoption of this report.

The Hon. the Speaker: Moved by the Honourable Senator Grimard, seconded by the Honourable Senator Bolduc, that this report be now adopted. Honourable senators, is it your pleasure to adopt the motion?

Hon. Royce Frith (Deputy Leader of the Opposition): Could we know the general subject of this report?

Senator Grimard: Honourable senators, this is the first report following the organization meeting of the Standing Joint Committee for Scrutiny of Regulations, and there is nothing special except for the list of co-chairmen selected.

Senator Frith: So this is not a report on specific regulations?

Senator Grimard: No, absolutely not.

Senator Frith: Thank you, Senator, Simard.

On motion of Senator Grimard, report concurred in.

[*English*]

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): That is the end of government orders. Other Business will now be called by the Table.

For a point of clarification for my own sake, this is called a government motion on this order paper, and I wonder where it can be identified.

Senator Frith: Where is it?

Senator Doody: I do not know. It is a new heading. It is not in the back but it is marked as a government motion. I plead my lack of exposure to the new rules. Can I get some guidance from the Table as to where I can find that?

Senator Frith: It should show up in the *Minutes of the Proceedings*, should it not?

Senator Doody: It was a motion that Senator Murray stood yesterday, namely, Senator Perrault's inquiry, but obviously it is not.

The Hon. the Speaker: Perhaps what should be done, honourable senators, is that we will look into it and at the next sitting we will either correct it or explain it.

Senator Doody: Yes, but my problem is that it is listed here as a government motion and I do not know what it is. Is it a matter of some urgency to the government that I should be dealing with? Is it printed here anywhere?

Senator Frith: It should be right after "Inquiries" and then motions.

Senator Roblin: After "Reports of Committees".

The Hon. the Speaker: I understand from the table officer that this is the motion put for the formation of the committee, but it should be called tomorrow.

Senator Doody: I see. Thank you.

Senator Frith: That is why it does not appear in the minutes. It would normally appear on page iv, between "Inquiries" and "Motions", and will do so tomorrow.

Senator Doody: Thank you.

• (1310)

VETERANS AFFAIRS

OFFICIAL REPORT—CORRECTION

Hon. Jack Marshall: Honourable senators, I have one item to raise on Motion No 4. In the *Debates of the Senate*, there is an error in the explanation. Where it reads "Striking of a Canadian Volunteer Korean Service Medal—Request for Government to Allow Korean Veterans to Apply for War Veterans' Allowance", "Korean" should be removed. It applies to all veterans.

I have never seen this before and I do not know what correction could be made or how it is made, if the *Debates* are already printed, but it should be listed on an erratum.

RULES OF THE SENATE

APPLICATION OF NEW RULES—MOTION TO RESCIND—DEBATE ADJOURNED

The Hon. Stanley Haidasz, pursuant to notice of June 19, 1991, moved:

> That the resolution of this House to adopt the proposed rules changes as presented in the First Report of the Senate Committee on Standing Rules and Orders, passed on June 18, 1991 without evidence of expert witnesses on the constitutional effects thereof, was in error and that it be rescinded.

He said: Honourable senators, yesterday I rose at the earliest opportunity, as provided in rule 35(1)(*a*) on the grievous breach of senatorial privileges brought about by what I describe as indecent haste and ill-considered adoption of these new rules, rules that contain drastic changes here in our mode of work, and which actually render the Senate a weakened political institution, therefore, reducing not only its privileges but also its powers to carry out its duties according to the present Constitution.

Moreover, these rules, as we have been told, were thrust upon the Standing Committee on Standing Rules and Orders and adopted without the presence and input of members of the Official Opposition in this chamber.

Yesterday, I rose on a question of privilege pursuant to rule 35(2). Apparently there is some ambiguity in paragraph 35(2) because it raised a problem in this chamber yesterday afternoon. I was deemed out of order, nonetheless, because rule 35(3) provides that a written notice is required to be given to the Clerk of the Senate "at least three hours" before the Senate meets. A somewhat facetious question is, whether or not these three hours are three hours on this house clock. Three hours of sitting before I raised the point, the passage of these rules—which is the occasion of my grievance—had not yet taken place.

Of course, I will not press this point since in this instance it makes little difference whether I had been heard immediately

following the event in which our privileges are, as I believe, offended. However, it is already an example of one serious failing of these new rules as regards their defence of privilege in general, since substantial business of the house, including final reading of public bills, could be allowed to proceed on the shaky basis of a privilege in breach.

Parliamentary privilege has always taken absolute precedence over other business in every house of a genuine democratic Parliament, especially in the Upper House of a system such as Canada's and other Commonwealth parliaments. The validity and authority of public bills comes into question when they are enacted in a climate of broken parliamentary privilege or contempt of Parliament.

Honourable senators, I am grieved to think that this house has abdicated its authoritative privileges by artificially elevating the powers of the presiding officer of this chamber. It is not even within the constituted powers of the Senate to lay down its privilege. Its most ancient right—that is, the right of every senator to be heard for as long as he or she needs to speak on the issues before the house—is the bedrock of Parliament. It is the most ancient right that characterizes upper houses in parliamentary history. And what is the reason for this longevity, I ask? It abides because parliamentary privilege secures for the subjects of Her Majesty, a guarantee of fair government. It is therefore a right, based on the Magna Carta, that cannot be voluntarily abdicated by this or any similar house. The hasty resolution of June 18, therefore, courts grave constitutional error and threatens to bring the Parliament of Canada into consequent legal and public disrepute.

In the opening minutes of our committee, the newly-elected committee chairman put to members of the Press Gallery laudable objectives when she said, "I am led to believe that the propositions to be presented for consideration address concerns regarding the openness and the accountability of the Senate."

I take special interest in the openness and accountability of the Senate, as the rules now before us could hardly be said to increase these virtues when the manner in which they were foisted upon our committee chairman was so cabalistic. I cannot ascertain who it was that led the honourable senator to suppose the Senate had drifted away from openness and accountability, but it is sure that since her own appointment to the responsibilities and privileges of this house she has not enjoyed a view of the place operating without the strong arm of the Prime Minister trying to tell us what to do.

The Senate was once, as she remarked, "a quiet, sober chamber for legislative review which performed a valuable function." Whatever may have changed the Senate into a "closed, costly and inefficient institution which has not kept pace with the changing needs of the country", or "with the changing reality of the legislative process in Canada", it could not have been the observance of our rules. It was their erosion, really their breakage.

In her opening remarks as chairman, Senator Robertson correctly remarked, "Indeed, the Senate is not well understood." I submit it is not very well understood often-times by its advisors, and on occasion not well appreciated even by ourselves. But, honourable senators, any mystery to our role could hardly be dispelled by drastically altering whatever rules we think ill of, especially in order to self-limit our rights and privileges to debate measures and public bills.

Now that the rules have been butchered, we are in no greater light about our parliamentary function. After all, as it stands, we have tried to make our Speaker a completely new creation, one whose rulings are beyond reproach and which now set precedents—which is very important—as they do in the other house, with one major difference. The Speaker in this house, most certainly answers, I guess, to the Prime Minister and, therefore, he has to serve him. Now, really, the Speaker has unassailable powers. I dare say he is more powerful here in this chamber than is the Prime Minister in the other place. He can, at will, strike down a piece of legislation not on its merits or demerits but because it embarrasses the government. I hope this will never happen, but this is what I think can happen.

Honourable senators, we have, without the proper constitutional authority to do so, created a difficult problem. We learned from the chairman of our committee last Tuesday, June 11, in response to questions from Senator Molgat and Senator Stanbury, that our committee undertook no consultations from parliamentary experts knowledgeable about the Senate rules, their history, or the constitutional impact of the proposed changes to these rules.

• (1320)

A few constitutional questions were raised by Senator Stanbury, and again by Senator Stewart, on the issue of rule 15(2), investing the Speaker with new caput-like powers. These questions remain unanswered; and there are still other equally profound constitutional questions. The primary one is whether the Senate has the authority at all to abdicate its own responsibilities and privileges, which the new rules augur.

The ancient right of those governed by Parliament is vested in the very privileges we enjoy. Historically first and central in these invested privileges is the unqualified right to be heard, as we engage in debate until each is satisfied with a full appreciation of what we are voting for or against in this chamber. Nowhere in the Constitution, the heritage of Canada, or the Mother of Parliaments do we find that we are empowered to deconstitute ourselves or undermine our privileges. That is why, honourable senators, I have on several occasions these past few months, and last year, pleaded for the upholding of privilege, especially as it was upheld in our former rules under rule 33.

With regard to the crucial work of committees, on November 7 last, I stressed our obligation thoroughly and explained how we must assess legislation and other public measures. Otherwise the question definitely arises whether a given law has been enacted by legitimate authority. Such a test is essential to the validity and enforceability of every federal or provincial statute. In the present state of affairs we have compromised our own legitimate authority as though we had as a body some death wish. But, honourable senators, a death

wish toward proper authority in the rule of law and parliamentary rule may be quite simply treasonous.

Several of the butchered rules that were absolutely essential, as pertains to the functioning of Parliament, were actually destroyed. When the function of the Speaker is so exalted as to render his rulings so important and beyond effective appeal, we come to a juncture where duty obligates us to think again and consider a rescission while that is still possible. The changed rules that now bedevil us will not brook a rescission of our misguided resolution of June 18 without a two-thirds majority. Now, we did not get a two-thirds majority—the vote was 40 to 30; not a two-thirds majority. I will argue that it is likewise a two-thirds majority which the latest trial rules should require to be ratified. I can only appeal, therefore, to the better sense of all honourable senators present to set aside the resolution of June 18 in favour of these new rules, to give time for a consideration in some depth of the constitutionality of these very rules, preferably in Committee of the Whole where all of us in this chamber can participate.

Accountability has been highly spoken of, but we cannot possibly meet our obligations, nor uphold the privilege of the governed invested in us, by failing to hear expert testimony and engaging in debate in the capacity of Committee of the Whole. This is a matter having the deepest possible constitutional significance. How could we treat it so lightly, on the very prow-wave of current constitutional renewal in our country at the present time of national crisis?

Honourable senators will perhaps detect in my voice a tone of lament. I lament that we have fired off loose cannons and punctured the very hull of our own barque. Unless every man and woman on our deck now sets to bailing and stopping these ghastly holes, we, and the parliamentary freedom for which Canada is envied in an oft-oppressed world, shall surely sink to the ocean floor.

We heard a few days ago a speech made by the Deputy Leader of the Opposition in this Chamber on the two hundredth anniversary of the *Constitutional Act, 1791*. Earlier this year, on May 3 in Room 200 of the West Block, Professor Norman Davies, a professor of history at the University of London, England, delivered a lecture on the May 3 Constitution of Poland which kept alive patriotism in the Polish people, who finally regained their independence in November, 1918.

At that time he recalled some facts of Polish history of which I think we should be cognizant. There was in 1791, 200 years ago last month, a member of the Polish lower house whose name was Rejtan, who was afraid that the members of the lower house of Poland would vote for the dismemberment of Poland. He thrust his body against the entrance to the chamber and said, "No. It will be across my dead body that you will go in there to vote for the destruction of my country". Unfortunately, the members walked over his body and Poland was partitioned for a third time by Russia, Prussia and Austria. It is only today that Poles are seized finally with the opportunity of having a completely freely-elected Parliament, which is reserved apparently for a date in October this year.

Yes, honourable senators, the very fabric of Parliament, held taut with its checks and balances, has been rent asunder by the way in which the new rules were adopted and finally voted on last Tuesday, June 18.

The Hon. the Speaker: Senator Haidasz, according to rule 31(5), when a senator is about to exceed the time limits provided in these rules, or as ordered by the Senate, the Speaker shall call the matter to the attention of the Senator. I am told that the honourable senator has about 30 seconds left. His speech is limited to 15 minutes.

Senator Haidasz: This is not an ordinary speech; it is a speech on a motion. It is not a speech on a bill.

The Hon. the Speaker: Senator Haidasz, according to rule 36(5):

> When a motion is moved in accordance with the provisions of section (1) above during debate on the motion, no senator shall speak more than once, nor for more than 15 minutes.

Senator Haidasz: In that case, honourable senators—

Hon. C. William Doody (Deputy Leader of the Government): If Senator Haidasz has only a few minutes to go I think the house might be disposed to let him continue.

Hon. John B. Stewart: Think of the precedent you are establishing.

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

Hon. Senators: Agreed.

• (1330)

Senator Haidasz: Honourable senators, I could reduce my speech, but it is such a good speech. Could it be printed in the record?

Senator Doody: We want to hear you deliver it. Carry on.

Hon. Louis-J. Robichaud: I will read the last part.

Senator Haidasz: Honourable senators, I should like to make a few more remarks. This, again, demonstrates how the new rules are curtailing freedom of speech.

Senator Doody: Get on with the speech.

Senator Haidasz: Okay. Without the freedom of each honourable senator who so desires to make substantial, even exhaustive and intelligent contribution to debate on rules, public bills or whatever, which sometimes have enormous implications, should be able to do so without fear of the clock or fear of censure.

Senator Robichaud: I agree.

Senator Haidasz: Otherwise, the legitimacy of the function of Parliament is dead. Guy Fawkes could not have exacted greater damage than the bloodless changes that have occurred to our rules.

Honourable senators, the deeper implications of these rules must be more critically appraised than they have been thus far in the committee from which they originated. I think that for

accountability and openness we owe it to Canadians, and especially to ourselves, to submit an order to a special committee struck for the purpose, or to gather in Committee of the Whole to study these new rules, because there are ambiguities, mistakes, and drastic changes that are incomprehensible. So I submit that we do something about it today.

May I cite again Senator Robertson. She said, "We have a responsibility to restore faith with Canadians in governing institutions, and we would fail in our duty to the Canadian public if we did not recognize and fulfil that obligation." How true. What has undermined the regard Canadians have for the Senate and for Parliament today is our closure and our disregard for the authority that stands behind our own rules. This, honourable senators, we must rectify. We must study the present rules to see whether they are workable; otherwise we will destroy our institution and lose an essential guarantee to safe sailing without oppression or delusion.

We must, therefore, reject this too-hasty resolution to live by these new rules, as they were passed by less than a two thirds majority on June 18; otherwise, we will stumble upon destruction where Ulysses wisely turned aside.

As these new rules were effectively, in large measure, a recision of earlier resolutions of this house, they ought to have been required to have, and I repeat again, that which is present in many constitutions, including our own, the support of a two thirds majority. My motion, therefore, is to rescind the resolution of June 18 on the basis that it does not have that degree of support.

I am sure that many who supported it would, upon a closer, sober look, see the errors and dangers of these new rules. They should be tested for constitutionality under expert examination or authoritative consultation, as I said, in either Committee of the Whole, or in a special Select committee, or even in the Rules committee.

I thank you for your patient attention, and I move:

> That the resolution of this House to adopt the proposed rules changes as presented in the First Report of the Senate Committee on Standing Rules and Orders, passed on June 18, 1991 without evidence of expert witnesses on the constitutionality or the effects thereof, was in error and that it be rescinded.

Senator Robichaud: Hear, hear.

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

Senator Doody: Honourable senators, I would like to take the adjournment of the debate to study the situation.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I am trying to apply these proceedings to rule 35. I take it that the Speaker has ruled that there is a *prima facie* case.

Senator Doody: This is a motion, not a question of privilege.

Senator Frith: I am aware of that, but a motion is supposed to be made after a decision has been made, as I understand the rule. The notice is given, the Speaker rules that there is a

[Senator Haidasz.]

prima facie case of privilege and then debate starts on the motion, and then a motion to adjourn can be received. That is the stage we are at, I take it. That is, a *prima facie* case has been found and we have started the debate.

Hon. Lowell Murray (Leader of the Government): No.

Senator Frith: Well, then, a motion is supposed to be made after the Speaker has made that finding.

Senator Stewart: That is the implication.

Senator Doody: My understanding is that there is no question of privilege before the chamber at the present time at all. We are dealing with motion No. 5 under Orders of the Day.

Senator Frith: The reason that is there is because the honourable senator gave notice.

Senator Doody: He gave notice of the motion and then he went on with the motion. It says nothing at all about privilege, nor was the question of privilege ever put before the Senate. It has not been raised as a question of privilege; it has been raised as a motion. It was done in proper form with notice given yesterday and the motion moved today. The question of privilege that was distributed was never put before the chamber.

Senator Murray: Read page 264 of yesterday's *Hansard*.

Senator Frith: Yesterday the honourable senator stood to raise a question of privilege and then a question of order was raised. We said that he could not raise a question of privilege or a question of order at that stage. Rule 35 says:

> The preservation of the privileges of the Senate is the duty of every Senator . . . However, to be accorded such priority, a putative question of privilege must meet certain tests. It must . . .
>
> (a) be raised at the earliest opportunity;

Senator Haidasz claims that he has done that.

> (b) be a matter directly concerning the privileges of the Senate . . .

It is certainly that.

> (c) be raised to seek a genuine remedy, which is in the Senate's power to provide, . . .

It meets that test.

> (d) be raised to correct a grave and serious breach.
>
> (2) If the matter is not raised at the earliest opportunity, the Senator . . . may put it on notice, but the matter cannot be proceeded with under the terms of this Rule.
>
> (3) Except as provided in section (4) . . . a Senator wishing to raise a question of privilege, shall, at least three hours . . . give . . . notice.

I take it you gave that notice?

Senator Haidasz: Yes.

Senator Frith: The senator gave that notice and then it had to be distributed. I received a copy in my office.

Senator Murray: The notice he gave is on page 264 of yesterday's *Hansard*.

Senator Frith: The notice is the one that was delivered to me today.

Hon. Duff Roblin: That has not been dealt with. What we are dealing with is Senator Haidasz's motion.

• (1340)

Senator Frith: If that is the way you want it, that is fine, but the new rules say that once he has given that notice this rule is engaged. He gave that notice. He raised a question of privilege and he followed the rules by giving notice.

Senator Murray: But he has not made his speech.

Senator Frith: Rule 35(5) states:

> Immediately upon receipt of a notice in sections (3) and (4) above, the Clerk of the Senate shall arrange for the immediate translation and dispatch . . .

He did that on receipt. Senator Haidasz then gave notice in accordance with sections (3) and (4), and he is then to be recognized during the time provided for consideration for senators' statements. Was he recognized for the purpose of giving oral notice of the question of privilege? A senator then has to indicate that he or she is prepared to move a motion, which Senator Haidasz did, so far as I know; and I thought that was the motion that was before us.

Senator Murray: No, no.

Senator Frith: You say, "No", but he has certainly triggered this rule. The Speaker himself invoked rule 35 when he asked the senator to limit his speech to 15 minutes. The Speaker must have thought we were operating under rule 35. The Speaker rose and said that under rule 35 the senator could speak only once and that he could speak for 15 minutes. The Speaker obviously thought we were operating under rule 35. If we are, then the Senate has to take up consideration not later than 8 o'clock, which we did. There is also a special provision for Friday which does not apply because this is Thursday. Then the order in which notices are received determines the order in which they will be dealt with. Then rule 35(11) states:

> Debates on distinct questions of privilege shall be taken *seriatim* . . .

That seemed to be the case if we were operating under rule 35, which the Speaker seems to think we were.

Then, rule 35(12) states:

> The Speaker shall determine whether a *prima facie* case of privilege has been made out. In making a ruling, the Speaker shall state the reasons for that ruling . . .

"Where are we?" I ask the Speaker.

Senator Doody: We are on the motion of which Senator Haidasz gave notice yesterday and which he moved today. It has nothing to do with the question of privilege. He did not speak about his question of privilege. His question of privilege was never even discussed. Yesterday there was some discussion behind the curtain, to which I was not privy, and an arrangement was made which is reflected in the *Hansard* of yesterday.

Senator Frith: Where did he give the Notice of Motion?

Senator Roblin: It is found at page 264.

Senator Doody: It was printed in the Order Paper.

Senator Frith: You have it all there, so you should be able to answer these questions. You are certainly quick with other answers. If you have everything at your fingertips, can you tell me where we were at in the proceedings?

Senator Doody: It was printed in the *Minutes of the Proceedings of the Senate.*

Senator Frith: You seem to know exactly where we are, so why can't you tell me what heading we are under?

Senator Murray: I came in late, so perhaps I should not be intervening, but yesterday Senator Haidasz gave notice, which is found at page 264 of *Hansard*, that he would move a motion that the motion that adopted the rules committee report be rescinded. He gave that notice and today he debated the motion to rescind.

Senator Frith: Does Senator Haidasz think his motion is a question of privilege?

Senator Murray: No, it was on Motions. We were at Motions when Senator Haidasz spoke.

Senator Frith: I think Senator Haidasz is entitled to give us his idea as to what was the point of his motion and whether he thought it was a question of privilege.

Senator Murray: The motion is number 5. He has just debated it.

Senator Frith: I understand that, but how did we get there?

Senator Murray: The 15-minute rule, to which the honourable senator referred, applies.

Senator Frith: Which 15-minute rule? There is more than one.

Senator Murray: The one concerning the giving of speeches.

Senator Frith: There is one rule particularly related to questions of privilege, and that was raised by the Speaker when he made a ruling.

Senator Murray: We had reached Motions on the order paper today and Senator Haidasz was speaking on motion number 5. It was called, and he spoke. I presume someone has taken the adjournment.

Senator Doody: I did.

Senator Frith: Before he does, we want to know where we are.

Senator Murray: Yesterday Senator Haidasz also gave notice that he intended to raise a question of privilege—

Senator Roblin: He can substitute his motion for that. It is obvious.

Senator Murray: —with a proposal by way of remedy. It is up to Senator Haidasz. If the procedure for privilege kicks in now, then he has an opportunity to explain that and the Speaker will decide whether there is a *prima facie* case and, if there is, we will debate it.

Senator Roblin: I just want to offer a word of mediation. My friend opposite asked the Speaker to rule, because he is puzzled as to how this matter came on the order paper.

Senator Frith: No, I just do not know where we are on the order paper.

Senator Roblin: In that case, why don't we allow the Speaker to tell us how the order paper was developed and how the motion appeared there? That may resolve the question to everyone's satisfaction.

The Hon. the Speaker: Yesterday, I ruled the question of privilege out of order and then, as a gesture—and I believe all senators agree—we agreed that, after the business of the Senate, Senator Haidasz could stand up, which he did, and give a notice of motion. The notice of motion is what we have just dealt with. I believe it has been adjourned by Senator Doody. That is where we stand.

Senator Frith: Of course, we quarrelled with that ruling about the question of privilege, because no point of order could be raised at that point. But I would like to ask Senator Haidasz if he realizes that he is no longer on a question of privilege.

Senator Haidasz: Yes, honourable senators, I rose on a question of privilege yesterday. I commenced to deal with it and then I was interrupted. The Senate was then suspended and I concluded after the Government Orders of the Day.

Senator Frith: What we are being told today is that it was transformed into a notice of motion.

Senator Haidasz: I gave a notice of motion yesterday that I would speak today on my motion. I finished it. There was a motion, seconded by Senator Robichaud, and Senator Doody adjourned the debate on this motion.

Senator Frith: On the motion?

Senator Haidasz: Yes.

Senator Frith: Why were we served with the Notice of Privilege? Is the senator withdrawing that?

Senator Haidasz: The Notice of Privilege was not served by the Speaker. I sent copies of that to the Speaker yesterday by messenger at 4.45 p.m.

Senator Frith: Why?

Senator Haidasz: Because yesterday I was accused by senators of not giving notice on my question of privilege. I interpreted rule 35(2) which states:

> If the matter is not raised at the earliest opportunity, the senator raising the matter may put it on notice . . .

Senator Frith: Rule 35(2) deals with questions of privilege and I understand the senator now thinks he is dealing with a motion. So it was transformed. Do I take it that the senator no longer has a question of privilege?

Senator Haidasz: That is correct.

Senator Frith: That certainly settles it. One of the reasons I raised the matter is that the Speaker intervened under rule 35, which deals with questions of privilege. I now understand that there is no question of privilege before the house at all.

On motion of Senator Doody, debate adjourned.

● (1350)

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, earlier today I informed the Senate that the Foreign Affairs committee would be meeting at 8 o'clock this evening to consider the matter referred to it today. I should like to make a correction. I have been informed by the chairman of the committee that it will be meeting at 7 o'clock and not 8 o'clock. A notice to that effect has gone out to all senators, so I am told.

Also, when I move that the Senate adjourn, I understand that under the new rules we will be adjourning automatically until 9 o'clock tomorrow morning. With that in mind, I move that the Senate do now adjourn.

The Senate adjourned until tomorrow at 9 a.m.

THE SENATE

Friday, June 21, 1991

The Senate met at 9:00 a.m., the Speaker in the chair.

Prayers.

THE CONSTITUTION

PRESERVATION OF BRITISH COLUMBIA AS DISTINCT REGION—SENATOR'S STATEMENT

Senator Carney: Honourable senators, yesterday our colleague, Senator Beaudoin, tabled the report of the Special Joint Committee of the Senate and the House of Commons on the process for amending the Constitution of Canada. I would like to acknowledge the hard work that Senator Beaudoin and his co-chair, Jim Edwards, M.P, put into their task, assisted by many members of this chamber and the other place. The report contains many useful suggestions which I am sure will be of interest to the Right Honourable Joe Clark, Minister for Constitutional Affairs, who is reviewing several reports commissioned by the government in this important area.

However, it will come as no surprise to my colleague that there is one aspect of the report that I, as a British Columbian, cannot accept. That is the concept that the present amending formula, based on the equality of the provinces, be replaced by a regional formula along the lines of the 20 year old Victoria formula. Under this proposal, constitutional amendments would require the approval of the Senate, the House of Commons and each of the four regions of Canada, viewed as Ontario, Quebec, the Maritime provinces and the western provinces.

This view of Canada as a country composed of four regions is unacceptable to British Columbians who view themselves as members of a fifth region, the Pacific region. I can assure honourable senators that this is not a partisan view. I am not alone in that view. NDP MP, Lynn Hunter, attached an addendum to the report stating in the strongest terms— her words —"the concept of B.C. as a region for the purposes of the amending formula". This has been a traditional view of British Columbian politicians and their constituents for many years and has been endorsed by both the NDP and the B.C. Tory caucus.

I am proud to be a westerner, but I represent the Pacific region, which is distinct from the prairie provinces. For the most part, our geography is different, our economy is different, our history is different, and, while we are an integral part of this country, we have our own unique interests, such as trade with Asia, and our own concerns.

I made that crystal clear during the committee meetings I attended. On day one I said, referring to the Victoria formula:

> The reaction of British Columbia to the idea of being part of a western region was met at the time with scorching hostility . . . British Columbia was a full colony when it joined Confederation. It was an equal joining an equal back in 1871; so the idea it would be reduced to some sort of third class citizenship was totally unacceptable.

It was then, honourable senators, and it is now. National unity is not served by seeking to protect one region, central Canada, by sacrificing another, the Pacific region. It caters to British Columbia's most secret fear and certain knowledge that when the chips are down, B.C. will be sold out in an effort to appease the interests of other regions. Therefore, I cannot accept that aspect of the report.

Hon. Senators: Hear! Hear!

Senator Fairbairn: Hear! Hear!

Hon. Royce Frith (Deputy Leader of the Opposition): The record should note that Senator Fairbairn applauded Senator Carney. I think it should so note because I know that she agrees with what Senator Carney has said.

RULES OF THE SENATE

APPLICATION OF NEW RULES—SENATOR'S STATEMENT

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I want to say a word about the new rules because we will probably be adjourning today for the summer. We have had a taste of these new rules for a few days, but in the fall we will be entering a new era. I believe that these rules are badly drawn. I believe that they are full of problems and minefields. They arrive as a result of no consultation, not even with the Table, not even with the resident experts, let alone with the opposition. It is a bad way to draw new rules, and as far as I know, it has never been done that way in any legislature.

However, they have achieved their purpose, and that is to streamline parliamentary procedures. They have eminently achieved that result because, of course, the word "streamline" means to reduce resistance. A streamlined design is a design that reduces the resistance of air, water or whatever else something is trying to move through. These rules have completed the job of eliminating any resistance in Parliament to a government in power, whatever its political affiliation.

It is clear that they are designed to ensure the government's complete control. The government controls the order of business, it controls the length of time that any opposition is offered and completely controls the agenda. Only at the end, after it has had its way completely, is time, in a patronizing sort of way, given for Parliament to then play in its little sandbox for a few hours, and often not that long.

This situation leaves the only opposition with the media, and they do not seem to be picking up the torch. For example, they do not seem to be taking the matter very seriously. Perhaps it is not serious. Perhaps people do not think it is serious that Parliament is no longer an effective opposition to any government.

In summary, what has happened by means of gradual in the House of Commons, and dramatically and suddenly in the Senate, is that in the fall we will be entering a new era where Parliament is eliminated as an opposition to the government.

In the fall, we will start fully experiencing the dawn of that new era, and begin a new understanding of the word "power", when both the House of Commons and the Senate, will be mere footstools to the will of any government in power, whether Liberal, Conservative, NDP, Reform, or coalition.

Hon. Finlay MacDonald: Honourable senators, perhaps we could get a little advice from the opposition as to how this matter might be handled, because for many years they had the experience of dominating both houses. The implication of the honourable senator's statement is that either they used some method outside of this chamber to bring resistance to government bills which they did not like, or, he is suggesting by implication that members on this side of the house would constantly be ciphers for government legislation.

Senator Frith: I would be very cheered if the new era shows that they are not.

[*Translation*]

A BILL RESPECTING THE EXPORTING, IMPORTING, MANUFACTURING, BUYING OR SELLING OF OR OTHER DEALING WITH CERTAIN WEAPONS

SECOND REPORT OF FOREIGN AFFAIRS COMMITTEE PRESENTED

Hon. Gerald R. Ottenheimer presented the following report:

The Standing Senate Committee on Foreign Affairs has the honour to present its

SECOND REPORT

Your Committee to which has referred the Bill C-6, *An Act respecting the exporting, importing, manufacturing, buying or selling of or other dealing with certain weapons*, passed, in obedience to the Order of Reference of Thursday, June 20, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GERALD R. OTTENHEIMER
Chairman

[*English*]

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

Senator Kelleher: With leave later this day.

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

Hon. Allan J. MacEachen: Honourable senators, before we grant leave to deal with the third reading of the bill perhaps Senator Kelleher would be good enough to explain now, or maybe later, the development which has caused the government to take a decision to suspend all sales of automatic weapons to the Middle East for the next six months in tandem with the approval of this bill. It appears to me an even more incoherent position than the one which I outlined yesterday in my speech on the bill. But perhaps Senator Kelleher can clarify the reasoning behind one decision to authorize, through this bill, a particular sale to Saudi Arabia, and, at the same time, placing a moratorium on all other sales. It would be interesting to know the rationale.

Also, is it the intention of the government to provide the Senate with the same opportunity that apparently is to be provided in the House of Commons to examine the whole question of arms sales and Canadian arms policy? I am not withholding leave; I am merely raising these points so that maybe, when we come to third reading, Senator Kelleher will be in a position to deal with those questions.

• (0910)

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

Hon. Senators: Agreed.

On motion of Senator Kelleher, bill placed on the Orders of the Day for third reading later this day.

A BILL TO AMEND CERTAIN STATUTES OF CANADA TO RECOGNIZE THE WAR-TIME SERVICE OF THE VETERANS OF THE CANADIAN MERCHANT NAVY

FIRST READING

Hon. Jack Marshall: Honourable senators, I was to speak when No. 8 of Daily Routine of Business was called, namely, "Introduction and First Reading of Private Bills".

The Hon. the Speaker: I am told that yours is a public bill, Senator Marshall; am I correct?

Senator Frith: It is a private member's public bill.

Hon. Jack Marshall presented Bill S-5, to amend certain statutes of Canada to recognize the wartime service of the veterans of the Canadian Merchant Navy.

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, anyone's opinion is as good as mine, but I would have thought that the right place for the introduction of that bill would have been under No. 5, "Introduction and First Reading of Senate Public Bills" rather than "Introduction and First Reading of Private Bills" since, if I understand Senator Marshall's bill, it is a private member's public bill.

I cannot think of any other meaning for No. 5, because it does not refer to government bills. But whether No. 5 includes both government Senate public bills and private senators' public bills, I do not know. But that must be what they mean to include in No. 5. Perhaps we might clarify that at some other time.

Hon. C. William Doody (Deputy Leader of the Government): "Government Bills" is the previous one.

Senator Frith: That is what I mean. If No. 4 is "Introduction and First Reading of Government Bills", No. 5 must mean private members public bills.

Hon. L. Norbert Thériault: You never thought of that one, did you?

Senator Marshall: Honourable senators, I would not mind getting unanimous consent to revert and introduce my bill again under No. 4!

Some Hon. Senators: Hear, hear!

Senator Frith: Offer refused, apparently.

On motion of Senator Marshall, bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): It is usual at this time, honourable senators, for me to bring in the adjournment motion, but since I am not quite clear about what it will be, I will ask leave to revert to Notice of Motions later today.

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

Hon. Senators: Agreed.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present a petition signed by 160 residents of the province of Quebec who are opposed to the goods and services tax.

These petitioners come mainly from Coaticook, Victoriaville, Granby, Montréal, Saint-Lambert, Roxton Pound and Lac-Mégantic.

[*English*]

Hon. Royce Frith (Deputy Leader of the Opposition): Some honourable senators, I am sure, will be glad to know that the flow of petitions against the GST and the demand for an election to deal with, as I have said, the GST and other iniquities of this government, still continues—that is, the petitions still flow; there is a long space between the subject and the verb there.

First, from Quebec, 16 petitions from Montreal, Sherbrooke, St. Léonard, Mascouche, Farnham, La Prairie, Bromont, Rivière-Héva, La Motte, Landrienne, Authier, Macamic, La Sarre and Poularies. These 16 petitions contain 332 names.

Second, from Ontario, two petitions from Don Mills—and three of the names were on the Quebec list—from Rexdale, Cambridge, Mississauga, Toronto, Burlington, and Etobicoke. These two petitions contain 52 names.

The 16 petitions from Quebec with 332 names and the two petitions from Ontario with 52 names bring the total to 18 petitions with 384 names.

QUESTION PERIOD

VETERANS AFFAIRS

GULF WAR—KOREAN WAR—OFFICIAL RECOGNITION OF CANADIAN VETERANS

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. I note that this weekend, at least here in Ottawa, there is to be a particular celebration in recognition of the Canadian military personnel who contributed to activities during the Gulf War.

At the same time, I understand there may be some formal announcement on the weekend, finally, of a medal for Korean veterans.

● (0920)

I should like to ask the Leader of the Government in the Senate if he would prevail upon the Prime Minister, the Minister of National Defence, the Minister of Veterans Affairs, and, perhaps, even the Secretary of State for External Affairs to ensure that at some time soon there will be an appropriate separate ceremony for the Korean veterans who, for 40 years, have remained our hidden servicemen and who deserve a great deal more recognition than they have received. They fought not in some small police action but in a vicious war in the hills of Korea. They deserve their own moment of recognition, and not at a time when, justifiably, recognition is being given to others.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government): Honourable senators, the government fully agrees with the position as stated by the honourable senator.

HEALTH AND WELFARE

FUTURE OF NATIONAL HEALTH CARE SYSTEM—GOVERNMENT POSITION

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. I note that the day before yesterday the federal and provincial Ministers of Health held a meeting in Toronto. The Leader of

the Government is aware, I am sure—and if he is not he is the only one in Canada who is not, that there is a great deal of concern about the medicare program in this country right now.

I should like the minister to inform this house if the ministers have come to some agreement.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not had an opportunity to obtain a report from my colleague, Mr. Bouchard, concerning the meeting that was held in Toronto.

However, I must add that, to the best of my knowledge, there was no plan to discuss at that meeting changes to the medicare regime, nor was there any expectation that even if such matters were discussed informally, there would be any decision reached.

Senator Thériault: Honourable senators, I do not know of what the minister is aware. I am aware of a statement made by one of the ministers who, in summary, said this: "If the Government of Canada continues to cut medicare funding they will have to stop calling the tune, since the old adage is that the one who pays the piper calls the tune, and that will apply only sometimes."

In a very short while some provinces will have either to change, reduce or restrain their funding to medicare, or the Government of Canada will have to start living up to its responsibility under the legislation and make a proper contribution.

Senator Murray: Honourable senators, the Government of Canada is living up to its responsibility under the legislation. No funds have been cut back under the Established Programs Financing for health and post-secondary education. The financial contribution of the federal government in this area has been increasing certainly faster than spending on any other program.

The question upon which the honourable senator is focusing is whether the federal government and Parliament will be in a position to enforce the Canada Health Act as the cash component of the Established Program Funding dwindles and is replaced more and more by the tax component.

Mr. Wilson, when he was Minister of Finance, provided the answer to that question in his budget. We would certainly find ways to impose a financial penalty on provinces that did not abide by the provisions of the Canada Health Act, and, if we could not impose that penalty through the cash component of Established Programs Financing, we would impose it through other federal programs.

Senator Theriault: Honourable senators, that is a lot of hogwash! That is all you have given us—hogwash! When the legislation was passed the federal government was participating in these programs on a cash-and-tax points basis. For you to stand up here and say that there have been no cutbacks is unbelievable. Everyone knows that in the fiscal year we are now entering there will be a reduction of $3 billion.

Senator Murray: A reduction in what?

Senator Theriault: Between now and 1996 the experts say there will be a reduction of $30 billion. You can transfer tax points to Ontario, Alberta and perhaps British Columbia, but what the heck will this transfer of tax points for medicare do for New Brunswick? For God's sake, where have you been all these years?

Senator Murray: The honourable senator does not know what he is talking about on this subject. There have been no reductions and there will be no reductions of the kind the honourable senator is talking about, and I will bring in the statistics to demonstrate it.

Senator Theriault: The statistics are there. Start telling the truth!

Senator Murray: There may be a difference between what provinces expected they would receive or are entitled to receive and what they will receive. That, however, is an old story. The honourable senator knows that the financial regime governing health and post-secondary education has changed several times since the 1960s when those programs were brought in.

Hon. Gildas L. Molgat: Honourable senators I have a supplementary question. When the minister replies that there has been no reduction, what he is saying is that the dollars have not been reduced. Surely he is not suggesting that the federal share has not been very substantially reduced.

Senator Theriault: Of course he knows, but he is not telling.

Senator Murray: Honourable senators, the Established Programs Financing legislation is very complex. It was decided way back in—was it 1977 or after that; it was under the Trudeau Government, in any case—that there would be block funding for health and post-secondary education. Then, after that the government divided that block funding into some notional amounts for health and post-secondary education. I recall that we had a debate here on that very matter. I do not think it is entirely accurate to say that the federal share of health costs—I do not think it is possible to establish, as the honourable senator seems to do—

Hon. Royce Frith (Deputy Leader of the Opposition): A subtle but vital shift there.

Senator Murray: —that the federal share of health costs has gone down. What we are dealing with here is block funding for health and post-secondary education. As the honourable senator knows, the federal contributions are made up partly of tax points transferred to the provinces and partly of cash. This is a difficult area in which to extemporize especially when I do not have the figures in front of me but I would be glad to bring them in at the appropriate time and perhaps we can have a fuller discussion on the matter.

Senator Frith: In other words, it is probably true but it is so complicated that we can't prove it!

• (0930)

Senator Molgat: If the minister brings in the figures, would he bring in the total figures showing what has gone on at the provincial level, how the costs have risen, and the comparable

grants from the federal government so that we get a complete picture, not simply what the federal government, has been giving in dollars or in tax points?

Senator Thériault: We would like to know what the figures would have been if this government had not frozen the transfer payments and, in effect, reduced them.

Senator Murray: I will try to bring in what the figures would have been if the federal government and Parliament had stuck to the original undertakings given by the Liberal Government of the day.

[*Translation*]

TRANS-CANADA HIGHWAY

RECONSTRUCTION OF NEW BRUNSWICK SECTION—REQUEST FOR INFORMATION

Hon. Eymard G. Corbin: Honourable senators, I have two questions which are directed to the Leader of the Government in the Senate, and my first one is as follows:

He is no doubt aware that the Premiers of the Maritime provinces met earlier this week to consider the possibility of a so-called economic union of the three provinces.

After their meeting, they emphasized the importance of building a four-lane freeway in that part of Canada to replace what is commonly referred to as the Trans-Canada Highway.

The Leader of the Government in the Senate knows that I have raised this issue several times in the past three and a half years. Is he now in a position to inform us whether discussion have taken place recently and whether there has been any progress on this matter?

Hon. Lowell Murray (Leader of the Government): Honourable senators, as far as I know, there have been no recent discussions on the subject, but I would have to check with the responsible minister.

Senator Corbin: I thank the Leader of the Government in the Senate.

VETERANS AFFAIRS

KOREAN WAR—SERVICE MEDAL FOR CANADIAN VETERANS—POSTHUMOUS DECORATION

Hon. Eymard G. Corbin: My second question is also directed to the Leader of the Government in the Senate.

It concerns the medal proposed to honour veterans of the Korean War.

Will this medal be awarded posthumously to veterans who have died since the war?

Hon. Lowell Murray (Leader of the Government): Honourable senators, in this case I will also have to make inquiries and check with my colleague, the Minister of Veterans Affairs.

I will report back to the Senate as soon as possible.

Senator Corbin: Honourable senators, we all know that the Leader of the Government in the Senate will probably not report back to us before this fall.

[Senator Moigat.]

Meanwhile, could he get in touch with the Minister of Veterans Affairs as soon as possible and ask him to make an announcement, because he is expected to make a statement either some time today or in a matter of days, from what I understood from Senator Fairbairn's comments, to clarify the issue I just raised.

Personally, I think this medal should be awarded posthumously to all veterans of the Korean War who died either during or since that conflict.

Senator Murray: Honourable senators, I will certainly bring the comments of my friend Senator Corbin to the attention of Mr. Merrithew.

[*English*]

RADIO CANADA INTERNATIONAL

EFFECT OF CUTBACKS ON TOURISM IN CANADA

Hon. Finlay MacDonald: Honourable senators, my question for the Leader of the Government is, in effect, a request for information which, of course, I will wait until the fall to receive.

I refer again to the reduction of the budget of Radio Canada International from $20 million to $13.5 million. The other night, while at the Royal York Hotel in Toronto, I was amazed to see the lobby teeming with Japanese tourists. Indeed, there was a shop open in the lobby of that hotel that was doing a thriving business selling Canadian goods including Arctic goods, leather goods, and so on. All the signs were in Japanese. Japanese, as honourable senators know, is one of the languages cut in the recent budget.

I drew attention the other day to the matter of the Voice of Canada being silenced, but now I would like to know whether the minister can find out, over the summer, the value of the Japanese tourist business in Canada and, in addition, the extent of the commerce that may have been affected by these cuts. That is apart altogether from the necessity of explaining Canada to the world. What was the commercial aspect of the cuts? Finally, was the Minister of Tourism, or any other minister involved in commerce with these countries, consulted when the cuts were being determined?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall take those questions as notice.

INCOME TAX CONVENTIONS BILL

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government), moved the third reading of Bill S-2, to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and the prevention of fiscal evasion and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes.

Motion agreed to and bill read third time and passed.

PROCEEDS OF CRIME (MONEY LAUNDERING) BILL

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government), for Hon. Nathan Nurgitz, moved the third reading of Bill C-9, to facilitate combatting the laundering of proceeds of crime.

Motion agreed to and bill read third time and passed.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—THIRD READING

Hon. Pat Carney moved the third reading of Bill C-2, to amend the National Energy Board Act.

Motion agreed to and bill read third time and passed.

• (0940)

A BILL RESPECTING THE EXPORTING, IMPORTING MANUFACTURING, BUYING OR SELLING OF OR OTHER DEALING WITH CERTAIN WEAPONS

THIRD READING

Hon. James F. Kelleher moved the third reading of Bill C-6, respecting the exporting, importing, manufacturing, buying or selling of or other dealing with certain weapons.

He said: Honourable senators, if I may attempt to reply to the questions put to me by Senator MacEachen, and with deference to Senator Doyle, the report carried in the *Globe and Mail* was not entirely accurate. In an attempt to correct the story which appeared there, I would like to refer honourable senators to the House of Commons *Debates* from Tuesday, June 18, 1991, page 2030. It is specifically set out therein the terms of the agreement and they are in three parts. It should be made clear that the moratorium that is being discussed refers to automatic firearms only.

There are three elements to the agreement. First:

> The Standing Committee on External Affairs and International Trade will undertake to study and report on Canadian exports of military goods, defence production policy and policies, to convert Canadian defence production industry to civilian uses, and to make recommendations for amendments to the Export and Import Permits Act, related regulations and the Criminal Code.

The second element of the agreement is that:

> It will submit its report by December 31, 1991 to the Minister for International Trade.

And third:

> Once Bill C-6 is given Royal Assent, and pending completion of the parliamentary report, the government will include on the automatic firearms country control list, only the 10 countries with which it has the required bilateral defence research, development and production agreements, plus Saudi Arabia, assuming that the agreements being considered for that country can be successfully completed by December 31, 1991.

Therefore, the exports of other military goods will continue to be reviewed on a case-by-case basis with the same stringent controls to be applied. There is therefore no moratorium as such on arms sales. Rather, the government has agreed to await the report of the House of Commons committee before considering any further export of automatic firearms to countries other than those with which we already have agreements.

I believe Senator MacEachen also wished to know whether or not the Senate would have the opportunity to debate this issue as has been granted to the House of Commons. In reply to that question, Senator MacEachen, I would say that you are the expert on the rules, not I, but it is my understanding that if you wished to have such a debate, as I understand the rules, that could be initiated by you. I am sure that the Standing Senate Committee on Foreign Affairs would welcome a reference by you to that committee for investigation of this particular matter.

Hon. Mira Spivak: Honourable senators, I wish to express my reservations regarding the proposed changes to this legislation which would regulate the sale of Canadian manufactured weapons abroad. Traditionally, the policy of this government has precluded the sale of military material to those regions wherein the potential for open hostilities was deemed imminent. The Middle East was, and continues to be, viewed as a region which clearly falls into this category.

Public statements by the Prime Minister, and as recently as yesterday by the Secretary of State for External Affairs, calling for international initiatives to reduce the flow of arms to the Middle East reinforces the image of Canada as a country in the forefront of the worldwide effort to halt the Middle East arms race.

The proposed legislation raises in my mind some questions concerning the government's pursuit of this very principled policy, and, while recognizing the need to provide Canadian manufacturers with meaningful access to foreign markets, I fervently hope that the government will ensure that the proposed legislation adheres to the controls currently imposed on our arms exports. Effective bans on the export of arms to countries currently in a state of war or in an imminent state of hostility should be maintained.

In five wars against the State of Israel, Saudi Arabia has contributed both personnel and war material. For the record, Saudi Arabia has recently reaffirmed its state of war against Israel and rejected the proposal advanced by American Secretary of State James Baker to engage in a regional conference with the State of Israel.

Saudi Arabia cannot really be viewed as a country with a lack of surplus weapons. One need only consider the deal signed three years ago for $30 billion dollars worth of U.S. weapons and the more recent ones of $20 billion dollars with the US. One need only consider also that weapons seemingly with a Saudi Arabia end user certificate have been discovered all over the Middle East, with various PLO factions, Lebanon and, ironically, Iraq.

I hope there will be an opportunity in the Senate to debate the entire issue of arms export controls and the buildup of arms in the Middle East. I applaud the governments's initiative to discuss this in the House of Commons. Notwithstanding this legislation, for which I understand the necessity. I hope Canada will continue to maintain its very principled policy in this area.

Hon. Allan J. MacEachen: Honourable senators, as I explained yesterday, the bill before us has caused considerable concern, and some of these concerns have been reiterated by Senator Spivak.

● (0950)

First, however, I would like to clarify with Senator Kelleher that aspect of the report in the press which he found inaccurate. I would take it, from what he has said, that there is no moratorium on arms sales to the Middle East for six months. There is a decision not to sell automatic weapons to the Middle East, except in the case of Saudi Arabia, for a period of six months. I draw from the comments which he has made and from a brief reading of what was said in the House of Commons that in exchange for the passage of the bill, which makes possible the sales, to Saudi Arabia and to the Netherlands, the government has said that we will not sell automatic weapons for a period of six months and, in the meantime, we will make it possible for the House of Commons committee to examine the whole question of arms control and what changes ought to be made in the Export and Import Permits Act.

I appreciate Senator Kelleher's answers, and particularly his receptivity to the possibility for the Senate itself, through one of its committees, to engage in a similar study on this important question. It is extremely urgent, in light of the fact that certain countries in the Middle East were armed to the teeth and that huge armaments in the Middle East contributed to and made possible the outbreak of war and the resulting destruction.

It is a fact that a number of those countries which joined in the international effort to stop Saddam Hussein were among the most prodigious arms traders in the Middle East and that governments which had rallied to the cause of international solidarity, so to speak, were active in the arms trade and created a context in which this situation could occur. It is certainly not a very wholesome situation at present. Even though a major setback has been delivered to the armed forces of Iraq, the human desolation which exists in the area is a continuing reproach to the ability of the world community to deal with these problems.

I mentioned yesterday, honourable senators, that 1991 will be a record year for the sale of arms to the Middle East. In addition to that, the United States is asserting its intention to sell more arms to Saudi Arabia, and Canada is joining in that activity. These are some facts with which you are all familiar and which have to do with the world economic and political situation.

The intent of this bill, as we all know, is to amend the Criminal Code to remove an amendment which was made by

Mr. Allmand in 1977, I believe, which prohibited the sale of automatic weapons, period. It is described as an anomaly, and it is described as such because apparently at the time it was not the intention of Parliament to legislate that prohibition; but it is there, and it has been there ever since. It is being removed now because the GM sale to Saudi Arabia could not otherwise go ahead. That is the purpose of the bill.

It is true that there is brought in, parallel to this purpose of the bill, an amendment to the Export and Import Permits Act in which the minister lists a number of countries and thereby constrains his flexibility in authorizing the sale of automatic weapons. But it is interesting that while there is, as it were, a constraint list for automatic weapons, there is no constraint list in the bill for more lethal weapons, and that, of course, is a new anomaly, but it is there. I would take it that the reason this was put in was, to some extent, to obfuscate the real purpose of the bill, which is to authorize these sales, by saying that we have done something else to tighten up the situation.

That is what the bill is about. It had a rough passage in the House of Commons. Everyone was embarrassed. The government itself had to be embarrassed because the Prime Minister and the Chancellor of the Federal Republic announced just last week that they were putting arms control high on the list of the economic summit to be held in London; and last February the Prime Minister and Mr. Clark—properly, in my view—sounded the alarm about the arms buildup throughout the world and said that we must do something about it.

In the context of all of this, Canada moves to bring in a bill to facilitate arms sales. No one likes it. The House of Commons did not like it. They struggled with it and finally decided to pass it because of the undoubted economic benefits to the plants producing the weapons which flow from these sales, as described by Senator Kelleher. That is a reality. So the Canadian Parliament said, "Yes we want those benefits, we want those sales, but we will salve our conscience by saying that we will examine the situation in the future."

Then, of course, the government made a further decision not to sell any automatic weapons for six months except to Saudi Arabia. That brings up the question raised by Senator Spivak: What is the policy of selling weapons in that area of tension? These are the issues that have been raised in this bill and they are very complex and very difficult. That is why I said yesterday that we could not support the bill. I do not do it with any sense of moral superiority because it is a fact that arms sales have been authorized by Canada in the past. Bear in mind, also, that even though this bill will be passed, the bill in itself does not authorize these sales because in the case of Saudi Arabia the government will have to enter into a satisfactory defence research agreement with that country.

● (1000)

In addition to all of that, for a single arms transaction to take place it requires a licence, which has to be approved by the minister. Every time one of those requests comes forward to issue a licence, the minister is always placed in a dilemma. The dilemma was expressed yesterday by Senator Kelleher. On the one side there are the economic benefits, and on the

other there are the considerations which call us to create a more peaceful world.

There have been enough issues raised by the bill that we should not let the whole subject matter drop. It should be returned to us at a later time to see whether or not we can improve the situation through Canadian efforts in the world at large. Bear in mind also that Canada is not a loose canon in this situation; it does have stringent guidelines and rules. Nevertheless, whatever stringency there exists has not been able to overcome the reality that in this bill we are authorizing sales of arms and we are authorizing their sale to an extremely sensitive part of the world.

Hon. Lowell Murray (Leader of the Government): Honourable senators, permit me to take just one minute to point out that at least some of the points that were raised today and yesterday by the Honourable Leader of the Opposition with regard to this bill were responded to in whole or in part last night by the Minister of International Trade, Mr. Wilson, in the course of his appearance before the Standing Senate Committee on Foreign Affairs.

Senator MacEachen, yesterday and today, has mentioned the anomaly that has been in the law since 1977 and has questioned why, since the anomaly has been there all this time, it has taken so long for government and Parliament to act. I asked that very question on Senator MacEachen's behalf last night at the committee. I was reminded by the minister and his officials that we did not have a legal opinion on this matter pointing out the problem until sometime in the mid-1980s, in the course of negotiations in respect of another contract.

To illustrate the point, it should be mentioned—as Mr. Wilson did last night—that there is a lot of history surrounding this contract between General Motors Canada and Saudi Arabia. Indeed, the history goes back to the early 1980s. General Motors has been in discussion with Saudi Arabia at least since that time. The proposed contract was endorsed by the government of the day and promoted by that government in its intergovernmental discussions and diplomatic relations with Saudi Arabia. It was not until we were on the verge of the contract that it was pointed out to us that the amendments in this bill were the only way to effect or implement the contract and remain within the bounds of Canadian law. That is why we are proceeding with this bill today.

That is all I wanted to say for the moment, except to add that we will be open to suggestions for further discussion of arms sales and government arms policy in general when we get back in the fall. The honourable senator may wish to take this up in the Senate and in the Standing Senate Committee on Foreign Affairs.

The Hon. the Speaker: Honourable senators, because of Senator Spivak's intervention, would you agree to Senator Lynch-Staunton's offer to second this motion instead of Senator Spivak?

Hon. Senators: Agreed.

Senator Frith: Who replaced her?

The Hon. the Speaker: Senator Lynch-Staunton as seconder.

Some Hon. Senators: Oh!

The Hon. the Speaker: It was moved by the Honourable Senator Kelleher, seconded by the Honourable Senator Lynch-Staunton, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Hon. the Speaker: On division.

Motion agreed to and bill read third time and passed, on division.

[*Translation*]

SPECIAL JOINT COMMITTEE OF THE SENATE AND HOUSE OF COMMONS ON AMENDING THE CONSTITUTION

CONSIDERATION OF REPORT—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Special Joint Committee on the Process for Amending the Constitution of Canada. (*Honourable Gérald A. Beaudoin*)

Hon. Gérald A. Beaudoin: Honourable senators, I would like to take a few moments to give a summary of the report of the committee on the amending process.

We had a very specific mandate. We had 135 days to report on the four main points. We had to work very hard, especially when the committee was touring Canada and during the days we were drafting the report.

We heard 23 Canadian and 5 foreign experts in Ottawa, and on the road, if I may use that expression, we heard a dozen or so more.

We also heard testimony from Canadians in all provincial capitals, and also in Montreal and Vancouver, for a total of 200 witnesses, and we received 500 briefs.

I would like to point out that we managed to obtain the endorsement of all three political parties represented on this joint committee—the Liberals, the Conservatives and the New Democrats—on three of the four main items; the Liberals endorsed all the items in our recommendations. The New Democratic Party issued a dissenting opinion on the membership of the constituent assembly. Perhaps I should clarify that: there was no dissenting opinion on the principle of the parliamentary committee as such but on its membership.

I will quickly touch on the five main points of the report. First, the amending formula: as you know, Canada has tried 11 times to reach agreement on an amending formula. We looked at practically all the possibilities. We realized that the 1982 formula, although it had certain merits, was not always suited to constitutional amendments.

All three political parties agreed to keep unanimity cases to a minimum. After a long debate, we decided to keep official languages, language rights, and the monarchy, and we also

enshrined the proprietary rights of the provinces. That is what we proposed.

In all other cases, we suggest the formula of four regional vetoes. The debate on these vetoes was fairly long. We had a choice between two or three formulas, including Pépin-Robarts which requires a majority referendum in four regions for a positive result, and the Victoria formula which proposes four regional vetoes, one for the Maritimes, one for Quebec, one for Ontario and for the Western provinces.

Needless to say, the debate went on for quite some time. Finally, the representatives of the three political parties on the committee reached an agreement. I would like to add that according to the intent of the Victoria Charter, some day, a province that has 25 per cent of the population of Canada may be considered a region. I say this because of the long debate on the issue of British Columbia and the territories.

As for the Indians, we suggested that their rights should not be amended without their consent.

We also suggested and recommended that the territorial governments should be represented at the constitutional negotiating table, and that representatives of aboriginal peoples be there as well.

About the referendum, the media reported on this yesterday, and I would like to make a correction. What we are suggesting, and all three political parties agree on this point, is that the federal government be able to adopt referendum legislation. We are opposed to enshrining a referendum in the Constitution.

We will still suggest that the Parliament of Canada should have or pass a referendum act of as a purely consultative tool. The referendum would allow Canadian political authorities to determine whether a consensus exists among Canadians on new federal amendment proposals or if it would be advisable to hold a referendum to overcome a constitutional deadlock.

So, we suggested that a referendum act be passed. The government will be under no obligation to implement this act. It would be up to them whether they hold a referendum or not. Hence, the first condition: that it be at the discretion of the government.

Second—and the three political parties agree on this—a simple majority would not be applied in a referendum. What we are seeking to avoid here is a repetition of what happened in 1942 with conscription and in 1898 with prohibition.

We suggested that a referendum organized at the request of the Canadian government be Canadian in nature, that is nation-wide. However, for it to be positive and conclusive, there sould be a majority vote in the four major regions of Canada: the four Atlantic provinces, Quebec, Ontario and Western Canada.

Quebec has already displayed much hesitation about such a referendum. In any case, we do not want Quebec to be isolated. That would solve absolutely nothing, on the contrary. Nor do we want any other region of this country to be isolated.

Therefore, if there is a referendum, it will be held throughout the country, but only with a majority vote from the four major regions of the country will it be meaningful. That is a very important point.

• (1010)

[*English*]

The third point was the public hearings, and this was an easy case, if I may say so. Everyone agreed right from the beginning that public hearings should be held at the federal and provincial levels. This would be mandatory. This would not require an amendment to the Constitution, but just an amendment to the Standing Orders of the Senate and the House of Commons or the Standing Orders of the provincial legislative assemblies.

I think the public hearings should be right at the beginning of a proposal to change the Constitution of our country. This was easily accepted by the 17 members of the committee and we have insisted that it be would at a primary time in order that it would be useful.

• (1020)

We have also recommended that the legislative assemblies do the same at the provincial level. For the referendum and public hearings, these are our recommendations, but they do not require amendments to the Constitution of Canada.

Of course, the four regional vetoes would require a major amendment to the Constitution of Canada. We suggest also that the delay of ratification be only two years instead of three years.

Lastly, we had to deal with another point of great importance, namely, the constituent assemblies. We studied the case of Canada in 1864, and we studied the case of the United States of America in 1787 at Philadelphia, where the Americans succeeded in creating their Constitution in four months.

After lengthy research we discovered that the 33 Fathers of Confederation in Quebec, the 37 fathers in Charlottetown, and about the same number in London, in December of 1866 were all delegates from Upper or Lower Canada, and from New Brunswick and Nova Scotia. In Charlottetown, of course, representatives of Prince Edward Island were there. Representatives of Newfoundland also attended that conference. The principle at that time was that only legislators be part of a constituent assembly.

As I said, we studied the case of the United States in Philadelphia in 1787. The 55 American delegates were all elected representatives of the 13 states of the United States of America after the War of Independence. Again, only legislators were involved.

Liberals and Conservatives both agree that we should go in that direction if we are thinking of a parliamentary committee or thinking about the question of a constituent assembly. The New Democratic Party agreed with that, but said that it should be hybrid: in other words, if we have 30 legislators we should have 30 persons selected from among the Canadian population who are representative of the population of Canada.

We came to the conclusion that Parliament itself is the place *par excellence* for the representation of the people of Canada. If the new committee is to meet with provincial delegations, and if the persons selected for the committee in the fall are representative of the Canadian population, then we do not need to go outside the world of parliamentarians. The input of the people of Canada will be in the public hearings or in the referendum, if a referendum is held.

[*Translation*]

It is in that spirit that we have made our report. People say that we did not deal with this or that. There is a reason to that: Senate reform did not come under the jurisdiction of our committee and neither did the distribution of powers which is so important to Quebec and many other provinces.

Therefore, it should not come as a surprise that we have barely touched on the legislative powers or symmetry of particular statutes.

That is, in short, our report. There is no need to exaggerate the dissidence of a political party on one item of our terms of reference and on the membership of the constituent assembly.

The spirit that presided over the preparation of the report was excellent. We did all we could to go beyond our party lines. Disagreements were on principles.

That is in brief, honourable senators, the report of the committee.

[*English*]

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I listened with great interest to Senator Beaudoin's comments on the report of the Special Joint Committee. I want to thank him and other members of the committee for their work in attending so many public hearings and in producing this final report.

I know that a great deal of work has been put into the report, although I have not had an opportunity to read it in any detail. I will take it with me to Nova Scotia, and there it will have to compete with other attractions, and possibly I will get through it in detail.

I am impressed by the quality of the report. It contains a precise and historical account of the main issues related to the processes amending the Constitution and the present situation.

The report is also useful in its account of views which have been expressed by the Canadian people who appeared, and it is useful in setting forth a number of options that have been put forward in assessing these options. I do not find any elements of rancour or partisanship in the report. I think it is a good contribution to the constitutional debate.

I want to thank my colleague, Senator Gigantès, who sat on the committee, for his enormous work. I understand that he spent a great deal of time and effort and contributed, as well as other members, to the outcome.

Honourable senators, I note that the committee has dealt with the question of the veto and has come out in favour of a regional system of veto, that being the four regions of Canada. Senator Beaudoin may remember that when the joint committee was set up in the Senate I proposed an amendment which drew attention particularly to the amending formula proposed in Victoria. The committee has not adopted that, but has gone for a regional system. I still think that the Victoria formula has the merit today which it had at the time of my amendment.

• (1030)

It is interesting that the committee moved in the direction of a referendum. The committee is proposing that a law be framed to provide for a referendum, but the report does not obligate the holding of a referendum. That decision will be left to the government of the day. I believe, honourable senators, that the committee at that point could have moved further and said that we must have a referendum in order to dispose of our constitutional questions.

However, I believe that events will probably provide additional momentum and that the last word on this question has not been said by the report of this particular committee; but it is positive that the notion of a referendum has been elevated further in this report.

Honourable senators, whether the committee has entirely captured the mood of the country cannot be assessed at the moment. In my view, the mood of the country is based upon a desire for greater public participation in the constitutional process. We all understand that the process which was followed previously will not work, and there has to be an opportunity for public input. Senator Beaudoin says that public input will be provided during the hearings of a yet-to-be-formed constitutional committee where the public will come and present its views. But what role will the public have in the shaping of a consensus throughout the country? What role will the public have in structuring a dialogue that will involve the people in every part of Canada and break the solitudes which now exist within Canada among the various diverse groups who are not speaking to each other? How is that to be broken?

Honourable senators, that brings me to the question of the constituent assembly. Mr. Justice Estey and Mr. Peter Nicholson put forward to the committee a very important proposal for what they described as a "citizens' assembly." The modalities of that proposal are another matter, but it was a proposal that would provide for a dialogue and the shaping of a consensus. On that point, the committee lost the support of the New Democratic Party; it lost the support of the Premier of Ontario; and it lost the support of the Premier of Newfoundland.

Within my own party, I have been arguing that we not rule out the possibility of a constituent assembly. I understand the difficulties at the present time because, if a constituent assembly is opposed, for example, by the Province of Quebec, then it may prove to be an impractical proposition. Nevertheless, it seems to me that it does have the merit of providing, not only input from the Canadian public but the possibility of shaping a consensus within the country, and no one has yet provided a formula that will assist the Canadian people to shape that consensus.

Honourable senators, in his summation, Senator Beaudoin reviewed the Philadelphia experience and the Charlottetown experience, but he did not mention the French experience. However, he did say that legislators have always done this job. Surely what is apparent in the country today is that not everyone is willing to entrust totally this process to the legislators. They are not rejecting the legislators, but they want in, and that was the merit I thought the constitutional assembly would provide.

With all the merit which this report may have, honourable senators, it has not yet, nor has anyone yet, provided the key to bring us to a place where the public in all the regions will participate and will help shape the consensus. As to parliamentary committees and governments—the public will testify that that is the end of their role. All I am saying, honourable senators, is that I think we should be open to the possibility of new and original structures that will advance the discussion to the point where people, other than legislators, have a role in this important enterprise.

Some Hon. Senators: Hear, hear.

Hon. Pat Carney: Honourable colleagues, I want to make a short intervention for the record. I should like to congratulate our colleague, Senator Beaudoin, for a clear and concise summary of a very complicated report. He pointed out that the NDP could not support the provisions of the constituent assembly, but I would like to add that the sole British Columbian on the committee, Lynn Hunter, added an addendum to the report saying that, as the sole British Columbian on the committee, she wished to promote the concept of B.C. as the fifth region. That is part of the report, and I think it should be noted in this part of the record.

Senator Beaudoin spoke about the lengthy discussion over the B.C. issue but, considering the fact that only one British Columbian served on the committee, I want to point out how inconsistent it would be if the role of Quebec in the amending formula were discussed by a committee representing other provinces with one sole representative from the province of Quebec.

It is not Senator Beaudoin's fault, but the issue of British Columbia was compounded by the fact that it was dealt with at the start of the public hearing process and there were a lot of bugs in the very complicated logistics of setting up public hearings which had not been ironed out. The hearings in Victoria and Vancouver were not advertised, for instance, and the attendance was very sparse. In other words, it was not widely known that the committee was holding hearings. Many groups that were scheduled to speak had to cancel because they did not have the time to prepare material.

● (1040)

An example of this is that in the Yukon, which is part of the Pacific region, the advertisement announcing the hearing ran after the deadline for the briefs. It ran on, say, Thursday or Friday for hearings on the following Tuesday. As I say, this is certainly not our colleague's fault or the fault of the committee. It is just the logistics of the country.

[Senator MacEachen.]

Senator Beaudoin pointed out that, under the Victoria formula, if a province reaches 25 per cent of the population its powers are enhanced. British Columbia and Yukon presently have about 11 per cent of the population, so this is not, at this point in time, an attractive option.

[*Translation*]

Hon. Pierre De Bané: Honourable senators, I would like to congratulate the committee that was co-chaired par Senator Beaudoin. As Senator MacEachen pointed out, the committee has done an excellent job.

I nevertheless have one regret concerning one of the recommendations. The constitution of the country, you will agree, is the document that confirms, in a democratic system, the sovereignty of the people. That is what a constitution is all about. As for the government, it does not need a constitution.

The government expresses its authority and the constitution is there to remind him that this authority was temporary delegated to him by the people. So, this ultimate authority is not a gift from God, as they used to say in the Middle Ages. It comes from the people.

Hon. Royce Frith (Deputy Leader of the Opposition): It is loaned, not only delegated.

Senator De Bané: Exactly; this authority is loaned for a temporary period.

As Senator MacEachen said regarding your reservations about the referendum, we tell people: No, you cannot participate directly to the drafting of the law of the land. What is the rationale behind this? In spite of the fact that you propose having majorities in each of the regions of the country, that is the Atlantic region, Quebec, Ontario and the Western region, you say that the Government of Quebec has strong reservations about this.

Why is that? Is it because the Government of Quebec wants to be the only one to interpret the desires and the will of Quebecers? Why would Quebecers not also have the right to express themselves?

As you know, in 1982, all the polls showed that a strong majority of Quebecers, that is 80 per cent, were in favour of amending the Constitution Act of 1982. Yet, the government said: We want no part of it.

Senator Beaudoin, I would go so far as to say—

[*English*]

This country will never achieve political maturity until the day when the people of this country can participate directly in the establishment of their Constitution. If there is one lesson we can draw from over 125 years of experience, it is that letting only the premiers define the aspirations of their citizens has lead us to the situation in which we find ourselves today. It is the same as if the Mayor of Ottawa were to take stock of the interests of the people of Winnipeg before making a decision. I would even go so far as to say that he would be negligent in his duties if he went with the interests of people who did not elect him. That is the situation which we face today. It explains how in Canada today the interprovincial tariff barriers have crip-

pled the economics of this country, because each province thinks only of itself.

The citizens of that province, however, wear two hats. They are members of that particular province but they are also Canadians. If they were given a chance to participate in the drafting of their Constitution we would reach political maturity. So I do not understand why the honourable senator says that even if we have a majority in each region it is not binding anyone. I hope that the next committee that will be established will give the people who are interested in the fundamental law of their country the occasion to participate in drafting it. As Senator MacEachen said, the people want to be part of it. This is the great lesson. Constitutions are not for the government; they are for the people. So let us say, as you have said, that we have to take stock of the different sensitivities of the country.

Only when the people have the right to participate directly will we reach political maturity. I have always thought that this country is so extraordinary, and I have felt privileged to be part of it. We are unique on this planet, we Canadians, but perhaps we have not earned it; we do not deserve it. It is time that the people of this country were united, but to achieve that they must have the right to speak up.

Some Hon. Senators: Hear, hear.

Hon. Philippe Deane Gigantès: Honourable senators, I agree with my friend, Senator De Bané. Unfortunately, what he would like is not possible. I, too, would have liked a binding referendum and I would have liked it inserted in the Constitution as the final word in the amending process. However, the existing Constitution, by which the next change in this current round will have to be negotiated, says that the amending formula itself—and the referendum is part of the amending formula, as Senator De Bané would like it to be—can only be achieved through unanimous consent of the Parliament of Canada and the ten provincial legislatures.

So we in the committee, who would have preferred a referendum rather than the decision of the premiers as a means of finally deciding the Constitution of Canada and its shape, bent to the reality, which is that we cannot do it with the existing formula, and we could not as legislators who have sworn to uphold the existing Constitution. The order that prevails in the country suggests a revolutionary means for overturning the existing Constitution. The closest we could get was a consultative referendum that could be triggered by the government itself, without consulting the provinces as to whether or not to trigger it, because it is a federal move empowered by a federal law.

● (1050)

However, please consider the immense psychological power such a referendum would have upon the provincial legislatures. If a deal is reached and nine provincial legislatures or nine provincial premiers agree and one does not, but the people in that premier's province are for the changes proposed, then I submit to you that we should come as close as we possibly can, within the limits of the existing Constitution, to adopting a referendum as a means of letting the people have influence on what our Constitution should be. I wish it could be otherwise. I wish there were a way of saying the decision must be taken by referendum and not taken by the provincial premiers or by the federal government, but it cannot be. We are bound by the existing Constitution.

So we did what we could and went as far as we could. It was a committee that operated without partisanship, that operated with a common purpose, in which the chemistry was excellent and in which all members of all parties submerged their individual feelings, likes, dislikes or theories, in order to achieve a consensus, within our mandate, which was very narrow and which in many ways put the cart before the horse because the decision on the amending formula will be taken after the deals are made on the sharing of power, and within the even narrower constraints imposed upon us by the existing Constitution. We went as far as possible with that referendum recommendation in order to give a role to the people. I wish we could have gone further.

I would like to take this opportunity to thank some people. Everyone has thanked Senator Beaudoin, and Senator Beaudoin deserves all of this praise, but I would like to mention other people who contributed greatly to the success of this committee. First among them is Jim Edwards, the Chairman, from Alberta, scholarly, fair, intelligent, and someone who kept his word. When the NDP was not participating for some time and said they would not even sign the report, there was not any thought of changing passages to which they had agreed or on which the rest of us had made concessions. Mr. Edwards would not have stood for it if anyone had suggested it—not that anyone did. I should also like to mention Ross Reid, who was the team leader—the scrum half, if you like—of the Tory team: intelligent, flexible and trustworthy.

Senator Doody: And a Newfoundlander!

Senator Gigantès: I should also mention Lorne Nystrom of the NDP and, last but not least, André Ouellet, who showed his great capabilities as a lawyer and as a great Canadian in making the achievement of this difficult compromise possible. I thank them all.

Hon. Gérald J. Comeau: Honourable senators, Senator Gigantès touched on the question of the existing formula and the problems that are facing us right now. Unfortunately, the existing formula does call on the various legislatures of Canada, and on the Parliament of Canada, to amend the existing formula. All of the things that we would like to have in there are dependent on these legislatures changing what needs to be changed. So I will not touch on that point.

I would like to touch on the question of the constituent assembly and the fact that the polls do show that a constituent assembly is in vogue at the present time in Canada. We did hear a great number of witnesses say that constituent assemblies are very important; I will not deny that. As a matter of fact, I was very much in favour of constituent assemblies when we first started the hearings. Gradually, though, over time, I changed my mind because the argument that was being made

for having a constituent assembly was that people mistrusted politicians, at both the elected level and in the Senate.

I can understand why people might have a mistrust of appointed senators, but I cannot accept that we should acknowledge the fact that elected officials of this country are to be mistrusted. I will not accept the premise that our elected members of Parliament are not to be trusted. I simply do not accept that fact. If you were to carry the argument a step further, if our elected politicians in the House of Commons are not to be trusted, what then do we do about getting together a constituent assembly? Obviously, if they are appointed by the House of Commons, the constituent assembly members themselves are not to be trusted. If, finally, we elect members to a constituent assembly, they then become politicians and are to be mistrusted.

The point I am trying to make is that our elected members of the House of Commons are, in my view, people who represent the people, whether they be of the Tory or Liberal persuasion, or of other parties, and I believe that, once they are elected, they represent the views of their constituents and they do have the trust, and we should provide them with this trust.

On the question of referendums, Senator MacEachen pointed out the fact that he does favour referendums. I, along with a great number of minority groups in Canada, do not favour referendums. I am a member of a minority group, an official languages minority, and I do not favour referendums. On the surface, "majority wins" sounds great. It sounds very democratic because the majority seems to agree. However, it does leave out a number of people who are not in the majority: minorities like myself, ethnocultural minorities, and aboriginals. If you ask these people what they think of referendums and whether they should be entrenched in the Constitution, I think you would get quite a different answer. The answer may not be as positive as some people would like on the question of referendums.

I would also like to make a point to Senator Carney. She pointed to the fact that advertisements were not published in western Canada. I would beg to differ. Advertisements were aired on TV. As a matter of fact, every time I turned on the TV channel over many months it was indicated that there were to be hearings in western Canada, including B.C. Advertisements were also published in the newspapers many months previously. So it is possibly a question of degree, and it is something that Senator Carney might wish to take up again with the clerks.

Finally, there was some discussion on the question of the fifth region. I am not sure just why Senator Carney did not show up for these meetings, where she could have expressed her views and might even have been able to make a difference in what was finally proposed.

The proposals we have made are solid proposals, in my humble opinion. We approached the writing of the report from a non-partisan point of view, as much as possible, and I think it should be supported by the people. There may possibly be some changes, but I hope that honest-thinking Canadians can support our report. Thank you.

Senator Carney: Honourable senators—

Senator Frith: Look out, senator!

Senator Carney: I have been invited by my colleague to respond, and I will do so very quickly. I do not intend to get into the advertising debate. As a matter of fact, as honourable senators probably know, the advertising was increased after the experience in the west when it was realized that the public was not learning about the hearings in time.

As to why I did not show up at the hearings, I was advised by Jim Edwards, as you should be aware, that it would not be appropriate for me to attend the sessions where the report was being drafted since I was not a member of the committee. My views on the fifth region were made repeatedly at the hearings I attended in Ottawa, Vancouver and Victoria, and, as you are aware, I was unable to travel with the committee. It was not for lack of desire that I did not show up; it was that the co-chairman thought it would not be appropriate for me to do so until the first draft was prepared, and, of course, by that time, it was not useful to do so. That might reassure my colleague.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I think Senator Carney was probably out of order in speaking twice, but I was so anxious to hear what she had to say that I did not call her on it.

On motion of Senator Doody, debate adjourned.

• (1100)

FORESTRY

PLIGHT OF FOREST PRODUCTS INDUSTRY—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Perrault. P.C, calling the attention of the Senate to the plight of the forest products industry in British Columbia and in certain other areas of Canada.—(*Honourable Senator Murray, P.C.*).

Hon. Pat Carney: Honourable senators, I wish to respond to the very excellent speech that Senator Perrault gave on this subject. I will not be long because I anticipate the anxiety with which my colleagues would like to start the summer recess, but I would like to make some comments on his speech.

First, I think that Senator Perrault has been very helpful in his discussion of the problems faced by the forest industry at the present time, and the importance to our economy. I want to discuss specifically his remarks about the memorandum of understanding in softwood lumber. I would like to assure honourable senators that I may not only enlighten you on this, but I may entertain you as well, because there are elements in this of mystery, intrigue and sabotage.

I also caution you that I am making these clarifications on the basis of memory, because in an astonishing act of bureaucratic vandalism my papers for this and other aspects of my

Ministry of International Trade were destroyed by the officials in External Affairs. We know, and they admit, that they were destroyed. Who ordered their destruction and why we have been unable to determine. Therefore, much of what I am about to tell you I cannot fully document, and the tragedy is that our Canadian history will not be able to fully reflect them because this particular material and the supporting material was shredded. My colleague, Senator Kelleher's papers are there; a great deal of mine are not. I think the official file consists of 13 boxes of letters acknowledging correspondence and signed by my signature machine.

Dealing with some of the specific aspects of Senator Perrault's speech, first of all, he has suggested that we get rid of the memorandum of understanding. I wish we could. I wish it were that easy. The important point to remember is that if we got rid of the memorandum — or the MOU as it is known — negotiated with the Americans, we would trigger a countervail and a countervail is a very vicious form of trade remedy. It is much more onerous than the conditions of the MOU. It would drain hundreds of millions of dollars out of Canada, out of provincial coffers, and it would threaten the exemption from the export tax referred to in the MOU now enjoyed by the Maritime provinces.

Therefore, it is not simply a matter of saying, "Let us dispense with the MOU." It will take time. I have been advised that the protectionism in the U.S. in the next six months is still quite dangerous as they climb out of their recession, and timing is everything in dealing with trade remedies.

Senator Perrault also spoke about the perceived lack of federal government attention to the forest industry. That is perception only. Our government established a full-fledged department of forestry and should get credit for that.

Senator Perrault also spoke about the need to alter radically the stumpage system, which is the means of collecting the economic rent from this resource. He himself knows that 80 per cent of the resource is owned by the provinces. Collecting stumpage is the right of the provinces. It is not our right, except for the few percentage points that the federal government owns mainly in places like the Yukon. He is referring to a remedy which is beyond our powers.

He refers in his speech to remarks by Simon Reisman, saying that possibly we should have hung tougher in negotiating the MOU. Simon Reisman was not part of the negotiations, but he sat cheering on the sidelines. As we all know, Monday morning quarterbacking is an art form, but, at the time, Simon Reisman thought we had negotiated the best deal we could.

Hon. Royce Frith (Deputy Leader of the Opposition): Monday morning quarterbacking is an art form, although occasionally in an artless form.

Senator Carney: But I can assure you that at the time he was very supportive. He thought we had done the best, particularly given the loss of revenues from our forests. James Baker, who was then the Secretary of the Treasury, expressed amazement that we had walked off with funds that belonged to us as Canadians. These funds would have gone to Washington and would amount to billions of dollars by this time.

The one point that is very important to correct in terms of Senator Perrault's paper is his suggestion that the Americans were unable to prove that they were dealt with unfairly. This is an assertion that the forest industry makes often, and that has not been proved. I want to say that this ignores the fact that we had already lost this case and had a preliminary determination against us, the first steps in the countervail process. It is not helpful for representatives of the forest industry to run around saying that the Americans had not proved that they were unfairly treated. They had a process in place — and I will show you later some justification — where we were found to be dealing with this issue in a way that their trade laws and their trade remedies said was unfair to them.

Between the preliminary determination, which was against us, and which has been rarely overturned in the history of American trade law, and the final determination, we negotiated an export tax where the federal government collected the tax at the border and returned it to the provinces. It, therefore, did two things. It kept the money in Canada and also allowed the provinces the freedom and the flexibility to increase the stumpage for their own needs.

I am not going to comment any more on Senator Perrault's speech, but I will give you a little history of this debate. It has never really been a matter of public record. In 1983, countervail was sought by the Americans against the Canadian forest industry, and the Canadians won. We won, but it was a very narrow victory. We were advised at the time that it was a flip-of-the-coin kind of victory. It could just as easily have gone against us as for us. In what I consider an act of incredible arrogance, the Canadian industry then proceeded to increase its market share from the 27 per cent, that had triggered the first countervail, to 33 per cent, which then triggered a second one in an atmosphere of much more adverse circumstances with the rising tide of protectionism in the U.S.

• (1110)

Therefore they brought another countervail in 1986 and I inherited this unpleasant situation when I became Minister of Trade. Minister Clark was in charge of the file at the time. He called a meeting in Vancouver that was attended by representatives of the provinces, the unions and the forest industry to discuss how we should deal with it. The consensus of the meeting—and history will show whether this was right or wrong—was to go with due process, to put our faith in the American process. The view of the industry was that we had won in countervail before and we would win it again, not a logical conclusion under the circumstances; but at the end of the day the group, which I attended as a B.C. minister, decided that they would put their faith in the process. It was badly placed faith to rely on the American process and one of the reasons that we negotiated the Free Trade Agreement with the U.S. was to put in place ways of settling disputes on a bi-partisan basis, binding in many cases, to get away from the kind of situation that we faced on the softwood lumber issue.

After that, when the countervail was applied, the industry and the provinces asked us to go to Washington to negotiate. The Secretary of Commerce at the time was the late Malcolm Baldridge, who was my counterpart. We went to Washington. Since we do not own the resource but for which we have the responsibility, we went with the signed agreement of the owners of the forests, the provinces and the industry, and we negotiated in good faith. We pointed out that we had entirely different ways of approaching the management of our forests, entirely different philosophical views of how we treat our natural resources, and that we felt that the American way of dealing with this issue was unfair. We left thinking that we had made some inroads into the American policy.

This is where the process broke down. This has never been publicly revealed, to my knowledge, but on our return we were told bluntly that we would to lose this case. We were told, because of the Privacy Act, and my colleague Senator Murray can elaborate, I cannot give you the names of the individuals involved, but one of the American officials told one of our leading officials something along the lines of, "I am taking off my official hat to tell you that you are going to lose this case, and the countervail against you could be as high as 28 per cent." Now, some might say that that was just a threat, just a negotiating tactic. The circumstances were such that I was inclined to believe that the political interference in the American process would cause us to lose the countervail. As a result, in order to retain the funds in Canada and retain the flexibility of the provinces to increase their stumpage, we negotiated the export tax with the consent of the provinces.

There is one important point to remember when Senator Perrault and people of the forest industry talk about the MOU. We were vulnerable because our stumpage was too low. Our stumpage, in British Columbia particularly, was too low for a number of reasons. This was known and quite openly discussed. It was discussed in the trade press. It was discussed by forestry officials. It was discussed by Jack Munroe, the head of the union. Normally a province is not loath to increase its economic rent. I phoned officials to say that the stumpage was too low and to ask why they were not increasing it. I got that magic answer, "Because an election is coming." The idea was that they would increase stumpage after the B.C. election. Another reason our stumpage was too low is that there had been new advances in technology, there was new machinery in the industry. Without giving you the details, because of the technological changes and because of the increased productivity, the stumpage formula lagged behind those changes and we were not increasing our stumpage. So we were not on fully secure ground in dealing with the issue of subsidies and a stumpage that was too low.

I think that the industry has opposed the MOU for many reasons, one of which, of course, was the fact that they were in favour of freezing the stumpage at a level which was too low. Under the countervail, stumpage would be frozen. They were in favour of it because even though the countervail was applied to the U.S. market the American consumer would pay and that left them free to sell in other markets like Japan, with a reduced stumpage rate. So they had an economic interest in having a frozen stumpage through a countervail process. It was not in British Columbia's interest and it was not in Canada's interest.

It may not have been the best deal. I can only assure the Senate that it was the best deal in the circumstances. It achieved our objectives of flexibility. In terms of sovereignty, it is less intrusive then a countervail. Under a countervail the Americans can look at the books of Canadian companies. The Americans can dictate practices much in excess of what is in the MOU. It was also supported by the provinces who owned the bulk of the timber, 85 per cent of it.

I can assure the house that I would be supportive of any changes in the MOU that could be negotiated, but we should be aware of the fact that it was negotiated under difficult circumstances to support clear Canadian goals and that its early removal implies quite a risk of triggering new trade actions.

I want to thank my colleagues for listening to me on this and to thank Senator Perrault for giving me the opportunity to put this on the record.

Hon. Gildas L. Molgat: Will the honourable senator permit a question? At the opening of your comments you mentioned that the documents had all been lost. I think your presentation this morning is extremely useful to get this on the record. Has there been any attempt to get the other ministers who were involved at that time to write down whatever they recall of the events in order that this could perhaps be published? I think it is very important, in the light of our trade initiatives with the United States and the FTA, that we have, to the extent possible, all of this in writing.

Senator Carney: That is an excellent suggestion. I will explore the possibility of asking the other participants if that could be done. Unfortunately, Malcolm Baldridge died in a tragic accident shortly afterwards, so it may be only a partial record from the Canadian side; but I think the idea has merit.

The Chairman: If no other senator wishes to speak, this inquiry is considered debated.

NATIONAL UNITY

APPOINTMENT OF SPECIAL JOINT COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move:

> THAT the Senate do unite with the House of Commons in the appointment of a Special Joint Committee of the Senate and the House of Commons to inquire into and make recommendations to Parliament on the proposals of the Government of Canada for a renewed Canada contained in documents to be referred to it, from time to time, by the Government of Canada;
>
> That ten members of the Senate and twenty members of the House of Commons be appointed to be members of the Special Joint Committee;

That the quorum of the Joint Committee be thirteen Members whenever a vote, resolution or other decision is to be taken so long as both House are represented, and that the Joint Chairs are authorized to hold hearing, to receive evidence and to authorize the printing thereof, when nine Members are present so long as both Houses are represented;

That the members, to act for the Senate, on the Joint Committee be named at a later time by the Standing Committee on Selection;

That it be an instruction to the Joint Committee that it provide Canadians the opportunity to participate fully in the development of the plan proposed by the Government of Canada for a renewed Canada;

That it be an instruction to the Joint Committee that it develop mechanisms designed to encourage and facilitate the participation of individuals and groups of Canadians;

That it be an instruction to the Joint Committee that it develop procedures to ensure that aboriginal peoples participate fully in the development of the plan proposed by the Government of Canada for a renewed Canada;

That it be an instruction to the Joint Committee that it submit its final report not later than February 28, 1992;

That, if either the Senate or the House of Commons is not sitting on the day such report is deposited with the Clerk of the Senate and the Clerk of the House of Commons, the same shall be deemed submitted;

That the Joint Committee be empowered to appoint, from among its Members, such sub-committees as may be deemed advisable, and to delegate to such sub-committees all or any of its powers, except the power to report to the Senate;

That the Joint Committee, or sub-committees thereof, be empowered to travel, and to hold public hearings, within Canada;

That the Joint Committee be empowered to sit during sittings and adjournments of the Senate;

That the Joint Committee be empowered to hold joint hearings with committees of legislatures or with individual members of provincial and territorial legislatures;

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

That the Joint Committee be empowered to authorize television and radio broadcasting, as it deems appropriate, of any or all of its proceedings and of the proceedings of its sub-committees, pursuant to the principles and practices governing the broadcasting of proceedings of the House of Commons;

That the parties represented on the Joint Committee be granted allocations for expert assistance with the work of the Committee in proportion to representation of the said parties in the House of Commons;

That the Joint Committee be empowered to retain the services of professional, clerical, and stenographic staff as deemed advisable by the Joint Chairs; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

• (1120)

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

Senator Doody: Honourable senators, I have little to say on this motion, but yesterday, when I presented this notice of motion, several questions were raised by honourable senators opposite. Senator Lefebvre suggested that the current quorum arrangements could perhaps be improved on. The current wording provides for a quorum of 13 as long as both houses are represented.

I undertook to do some research for him on this point. I am told that this arrangement is consistent with long-standing practices of joint committees. I have some examples. The Molgat-MacGuigan Joint Committee in 1970, the Hays-Joyal Joint Committee of 1980, the Tremblay-Speyer Joint Committee of 1987, and the Beaudoin-Edwards Joint Committee of 1980 were arranged just as this present proposal suggests. I see no reason at this point to change that, but if honourable senators wish to make representations in the future, then perhaps it can be looked at for future joint committees.

Senator Molgat suggested that the current wording provides for allocations for expert assistance based on the representation of parties in the House of Commons. He suggested that perhaps we should change this to base allocations and representation of both houses, but once again this arrangement is consistent with prior arrangements. Certainly it is identical with the wording of the Beaudoin-Edwards committee. If honourable senators wish extra assistance, perhaps some arrangement can be made with the Internal Economy committee to work it out. Certainly there is assistance available to individual senators, and I am sure that an arrangement could be made for committee members.

Senator MacEachen suggested that it would be preferable to name the members of the committee here in the chamber today rather than go to the Selection committee, as is suggested in the resolution. I have no problem with that. We can do it here today. We would undertake to name our six members, but it would have to be done in such a way that the whips could change them when they wanted to because our side has not had an opportunity or been in a position to allocate the seats on the committee from our side in terms of regional representation or whatever other considerations would be taken into account. So that if we go that route—and I do not see why we should not—we would undertake to take the first six names alphabetically from our membership list here and change it at a later date when the leadership decides which way they want to go.

If that is satisfactory to honourable senators, we would move an amendment to the motion along the lines that I have just suggested.

MOTION IN AMENDMENT

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I appreciate what Senator Doody has said. I have an amendment here, which I will move, which achieves my objective and preserves the possibility of the government's naming its own members later. I do not mind which way it goes, but it would save some possible difficulties if we got this out of the way now—at least from our point of view.

This is what I had in mind as a possible amendment, which can be changed to incorporate the idea that Senator Doody had. It would be an amendment to paragraph four, which is the naming paragraph. It reads:

> **THAT** the motion be amended by deleting the fourth paragraph thereof and substituting the following therefor:
>
> That the members, to act for the Senate on the Joint Committee be the Honourable Senators MacEachen, Frith, Gigantès, Molgat, and others to be named at a later time by the Standing Committee on Selection;"

Do you want to do it that way, or add your own names?

Hon. Lowell Murray (Leader of the Government): Yes, provided always that the Senate Committee on Selection would not have to come into the Senate if it is decided to launch the committee sometime before Parliament resumes. I could manage that with another amendment.

Senator Doody: This is such an unusual occurrence, and it is delightful to see all of this. The point that I should have made is that if the Selection committee does meet and considers the nominations of the Conservative side, then the custom is that it would have to report back to the Senate so that the report could be adopted by the Senate.

Hon. Royce Frith (Deputy Leader of the Opposition): I see. Then read your alphabetical list and then the whip selection.

Senator Doody: So that it would be silly to call the Senate back to receive the report of the Selection committee.

Senator Frith: I understand.

Senator Doody: Perhaps we could add our names to the list that Senator MacEachen will propose to the amendment.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith:

> **THAT** the motion be amended by deleting the fourth paragraph thereof and substituting the following therefor:
>
> That the members to act for the Senate on the Joint Committee be the Honourable Senators Atkins, Balfour, Baootes, Beaudoin, Beaulieu, Bélisle, Frith, Gigantès, MacEachen and Molgat.

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

Hon. Noel A. Kinsella: Honourable senators, is it not necessary to state the further proviso "which names can be substituted therefore by the whips of each party?

[Senator Doody.]

Senator Frith: Our rules provide for that.

Senator Doody: Yes, the rules provide for that.

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

Hon. Senators: Agreed.

Motion in amendment agreed to.

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

Hon. Senators: Agreed.

Motion, as amended, agreed to.

[*Translation*]

OFFICIAL LANGUAGES

MOTION TO APPOINT COMMISSIONER—DEBATE SUSPENDED

Hon. Noel A. Kinsella, pursuant to notice of June 20, 1991, moved:

> That, in accordance with section 49(1) of the *Official Languages Act*, R.S.C. 1985 (4th Supp.), c. 31, this House approves the appointment of Victor Goldbloom, O.C., M.D., LL.D., as Commissioner of Official Languages for Canada.

He said: Honourable senators, I speak for all the senators when I say thank you to Mr. D'Iberville Fortier, the ex-Commissioner of Official Languages, for his dedication and the exceptional services he provided the State throughout his brilliant carreer of 40 years.

• (1130)

[*English*]

Mr. Fortier first joined the public service in 1952 and served in Canada and in diplomatic posts world-wide until his appointment as Commissioner of Official Languages nearly seven years ago. On behalf of all honourable senators, we extend best wishes to Mr. Fortier for the years to come.

Honourable senators, it is a great pleasure for me to address the appointment of Dr. Victor Goldbloom as the next Commissioner of Official Languages.

[*Translation*]

Dr. Goldbloom's background and his expertise in so many areas make him eminently suited to taking the duties of Commissioner.

Dr. Goldbloom chaired the language rights committee of the Court Challenges Program. He is a native of Montreal and a graduate of McGill University. He practised as paediatrician and taught paediatrics for many years before entering public life.

He became chairman of the medical economics committee and was, successively, president of the Association des pédiatres de la province de Québec, the Quebec Medical Association and the Canadian Medical Association. In this latter capacity, he travelled—

[*English*]

The Hon. the Speaker: Honourable senators, I should like to bring to the attention of the Senate the fact that some senators seem to be disregarding rule 17(3), which states:

> If Senators have occasion to have private conversations in the Senate Chamber, they shall go below the Bar, otherwise the Speaker shall order them to do so.

[*Translation*]

Senator Kinsella: To come back to Dr. Goldbloom's background, and his involvement in the Quebec Medical Association and Canadian Medical Association, this last responsibility gave him the opportunity to travel across Canada, and to become acquainted with the health care systems and social problems of the provinces and territories.

In 1966, he was elected in the new riding of D'Arcy McGee as its first representative. He represented the riding in the National Assembly for nearly 14 years.

In 1970 he was appointed minister and became the first member of the Jewish community to sit in the Quebec cabinet. Subsequently, he became Quebec's first Minister of the Environment.

In February 1973, he took over the Municipal Affairs portfolio, and in 1975, he also became the minister responsible for the Olympics Installations Board.

Re-elected for a fourth term on November 15, 1976, he resigned his seat in the Fall of 1979 to become president of the Canadian Council of Christians and Jews. From 1982 to 1990 he was president of the International Council of Christians and Jews.

[*English*]

Honourable senators, it is well known that Dr. Goldbloom has been Executive Director of the Fonds de la recherche en santé du Québec since 1990. He is active in community life and participates in numerous voluntarily associations such as the Canadian Council for Native Business, John Lesage Foundation, Jewish Public Establishments Coordinating Committee, Canadian Medical Association's Subcommittee on Environmental and Occupational Health, and chairs a task force for the Canadian Pediatric Society on environmental aspects of day care.

His accomplishments are well known and widely respected. He is an Officer of the Order of Canada and has received the Government of Canada Award for Race Relations. He is an Officer of l'Ordre national du Québec.

The role of Commissioner is an important one: he is an ombudsman and, it is important to underscore, a servant of Parliament, responsible for ensuring the recognition of both official languages and the compliance with the Official Languages Act by federal institutions.

[*Translation*]

And this mandate, Mr. Goldbloom will have to fill it at a particularly crucial period of our history. The next Commissioner of Official Languages will no doubt want to take an active part in the definition of our country as his predecessors did. Thank you, honourable senators.

[*English*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Kinsella has eloquently and appropriately put on the record good reason why this motion should be supported.

I only want to add that I agree that Dr. Goldbloom has been associated with, indeed active in, the cause of official bilingualism policies and national unity for many years. I remember, during the days of the B&B Commission hearing him spoken of by many of my colleagues, such as Mr. Laurendeau, Dunton, Lacoste and others. His name was always raised with the greatest of respect and esteem. He is coming into this office, therefore, with an excellent reputation and at a time when the office is particularly and when the whole question of official bilingualism is entering a new era because of the political and constitutional context of our time. This is a good appointment and should be supported.

[*Translation*]

Hon. Eymard Corbin: Honourable senators, I think Senator Molgat also wants to speak.

Honourable senators, I am surprised at the alacrity with which the Speaker wants to dispose of this motion.

Honourable senators, I want to say at the outset, with the reservations I will express later on in my remarks, that I welcome the appointment of Mr. Goldbloom to the position of Commissioner of Official Languages. Without going into details, I can say that I had the opportunity to work with him several years ago. He is, in my opinion, eminently qualified to fill the position left vacant by the departure of Mr. D'Iberville Fortier.

I have noticed that the government merely mentioned the departure of Mr. D'Iberville Fortier. They thanked him in three short sentences, period. When the session resumes in the fall, some of my colleagues will want to get back on that.

Senator Frith: I am sorry to interrupt you, Senator Corbin, but may I have your indulgence. I have to leave, and there is one matter I want to deal with quickly.

Senator Corbin: Certainly, senator. We can suspend the debate for a few minutes.

Debate suspended.

• (1140)

[*English*]

THE SENATE

TRIBUTE TO DEPARTING PAGE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I appreciate very much that the Honourable Senator Corbin is allowing me to interrupt him, because I have to leave.

I wish to draw the attention of the Senate, as I have on other occasions, to the departure of a Page, Steven Tipman, who has been a Page here since 1989.

He lives in Ottawa. Since he is born of a military family he has lived all across Canada, from British Columbia to Newfoundland, from Victoria to Gander in fact. He has finished his third year of Commerce at the University of Ottawa and will return in the fall to complete his fourth year; but he will not be with us at that time.

I want to express our appreciation to him, for I know that all of us have learned to admire and like him and wish to thank him for his excellent service to the Senate. I am told that he will likely spend the rest of the summer, as much as possible, improving his handicap. I take it that means his golf handicap. Of course, improving your golf handicap depends on your point of view. If you improve it by making it lower, you are liable to lose money; and if you improve it by raising it, you might win some money. I will leave that up to him.

I express our thanks and congratulate him for having joined that distinguished alumnae of former Pages of the Senate.

Hon. Senators: Hear, hear!

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I certainly wish to associate this side of the house with the remarks made by Senator Frith and to wish our friend the very best in the years to come. We hope that he has a very successful career.

NATIONAL UNITY

APPOINTMENT OF SPECIAL COMMITTEE—CORRECTION OF DRAFTING ERROR

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, while I have the chance, and if Senator Corbin will be generous to me, I would ask to be allowed to bootleg in an item.

It has been brought to my attention that in the motion concerning the joint committee that was adopted a few moments ago there was a drafting error which left out the clause dealing with the aboriginal section. It states:

> "...and in particular on issues of special interest to them."

Perhaps the Clerk can make that correction. I do not think we need to do anything here about it. I wanted to bring it to the attention of the Senate.

I thank honourable senators, and Senator Corbin in particular.

Hon. Eymard G. Corbin: I was sort of clipped in full flight by both Senator Doody and Senator Frith, but that is not unusual and I do not mind it.

[*Translation*]

OFFICIAL LANGUAGES

MOTION TO APPOINT COMMISSIONER—DEBATE RESUMED

Hon. Eymard G. Corbin: In any case, as I was saying when I was rudely interrupted in the middle of a sentence, some of our colleagues on this side of the House will want to mention the service record of the retiring Commissionner of Official Languages, Mr. D'Iberville Fortier, and his accomplishments during his term of office. The government representatives have yet to do so.

[Senator Frith.]

It is understandable that the government would be reluctant to appraise the measures taken and the recommendations made by a retiring Commissioner. It could even be embarrassing for a government.

In any case, one can only wonder why the government waited until a couple of hours before the end of this part of the session to suggest the name of Mr. Victor Golbloom. As was pointed out in the other place, we have known for quite some time when Mr. D'Iberville Fortier's term of office would end.

It is very clear that his term could not be extended. But in this case as in so many instances before, the government waited until the last minute and then asked us to expedite matters.

I wonder what became of the decision Mr. Mulroney made some years ago, when he made a suggestion later approved by his Party—that a measure providing that all senior management nominations be subject to review by a parliamentary committee before being ratified.

Of course, the Commmisioner of Official Languages is a parliamentary official, a public servant as we call them. He is a public servant also in that he is in charge of enforcing the provisions of the Official Languages Act and related parliamentary resolutions.

Personally, I would have liked to sit on a committee appointed to question Mr. Goldbloom, but not on his background.

I for one, would have liked to be part of a committee in order to be able to question Mr. Goldbloom, and not on his previous history. We commend him, and rightly so, on the many positions he occupied, in his professional life and on the cultural scene. I have nothing to say about that.

I would have liked to know how he intends to carry on his mandate. Mr. Warren Allmand, the Montreal MP, was pleased with the fact that Mr. Goldbloom was not only the first Quebecer to fill this position, but also the first bilingual Montrealer. Why should we not rejoice with Mr. Allmand and others.

Of course, we want to maintain as much as possible the principle of alternating nominations based on language. I believe that it has been partially adhered to. Of the four previous commissioners, only one was francophone.

It has always been one of the "boys", whether they came from the province of Quebec or the province of Ontario. No one from a linguistic minority outside these two provinces has ever got the job. As if we, French Canadians of the Diaspora, were not capable to do the job! This would surprise me a lot, by the way. Senator Molgat and me, and many others, know distinguished people who all have the required qualifications to perform the duties entrusted to the Commissioner of Official Languages.

However, I am not criticizing Mr. Goldbloom's nomination. On the contrary, I support it. But I hope that one day we will finally see the Canadian reality in its entirety.

If someone deserves in this country the special attention of the Commissioner of Official Languages, if there are groups, communities who deserve his special attention, it is indeed the French Canadians outside Quebec.

I hope that next time another government will take this into account.

Le Devoir reported, as others did, that Mr. Goldbloom's appointment is a good thing for the English-speaking community in Quebec. I have no quarrel with that. I wish I could have questioned him in committee, to ask him how he sees his role towards French-speaking communities elsewhere in this country. This will not be possible in the circumstances.

We will be able to do it after his appointment has received the assent of both Houses, during his first appearing before a Joint Committee on Official Languages, if one is established.

Mr. Phillip Edmonston, M.P. speaking on behalf of the New Democratic Party, suggested that Mr. Goldbloom, a men known for his smoothness, his diplomacy as well as other fine qualities, carry out his mandate with "great patience and humility".

I hope that, while maintaining this personal style, Mr. Goldbloom will become aggressive in the carrying out of his mandate, that he will make sure that the provisions of the Act and all other statutory instruments relating to it are abided by.

After 22 years of implementation of the Official Languages Act, there are still areas, regions and considerations that deserve a little more attention, I would even say lots of it, from the Official Languages Commissioner.

It is why I expect that Mr. Goldbloom, as an officer of Parliament, does not object to our telling him that he will have to carry out his mandate with aggressiveness. No matter what parliamentarians will say, no matter what the Quebec National Assembly or the Alberta Legislature will say! He must act in the best interests of the country.

Last weekend, the *Fédération des francophones hors Québec* decided to change its name. I always objected to that designation of "*francophones hors Québec*". I recently had an opportunity to say it in the Senate.

French Canadians who do not live in Quebec no longer want and most of them never wanted to be defined in relation to Quebec. Quebec booed them at times.

• (1150)

We have had premiers in Quebec who said: The francophone minorities of the country are agonizing; they are dying. Why should we take an interest in them? When other provinces adopt linguistic measures that have a negative impact on those whose speak French, Quebec just looks on; it does not do anything anymore.

I think it is time that the Government of Quebec and Quebecers come out of their shell. This whole constitutional exercise has been an exercise in escaping the Canadian reality.

Canada used to be the name of Quebec. Why is Quebec fleeing before the greatness of this country and the opportunities that it offers? Why is Quebec dropping us? Why is that province letting francophone minorities of the country slowly die?

Of course, our cousins from Quebec were had by separatists, by those who live in the past, by those who never accepted the conquest and who never accepted the reality of the Treaty of Paris of 1763.

There are beguilers in this House!

There are some in the other Chamber, who continue to tell their people in Quebec that it is Quebec or nothing, that there won't be a Canada anymore. I find this regrettable.

I believe it is important that, as a French Canadian from New Brunswick, I say so. We are fed up with what has been going on for decades. We are fed up with this malicious gossip, this so-called independence of Quebec. Ladies and gentlemen, come out of your shell! You are a part of Canada. Take advantage of those opportunities and of all the possibilities that are offered to you. Stop scribbling on documents that, most of the time, mean hardly anything! Canada is also the product of Quebec. Be part of that country once and for all.

In any event, we were talking about Mr. Goldbloom. I wish him the best of luck. I anticipate that I will meet him personally. I presume that he will want, like his predecessors, work in close cooperation with the *Fédération des communautés francophones et acadiennes du Canada*. That is the new name of the FFHQ.

I congratulate those Canadians for having given a definition of themselves based on the country, and not on a part of it. It was about time.

Honourable senators, this is what I wanted to tell you today.

Hon. Gildas L. Molgat: Honourable senators, I want first to thank warmly Mr. D'Iberville Fortier for the work he did during that period as a commissioner. It was a difficult period, he was sharply criticized at times, but I think he did his in an honourable way and I thank him for that. I am afraid that we are now entering an even more difficult period than the one M. D'Iberville Fortier had. We hear everywhere that the Spicer group will say that bilingualism must somehow be reduced in Canada. We have organizations like the new Reform Party which, without saying it clear and loud, talk about Quebec being French and the rest of Canada being English. The media all over Canada, and Senator Beaudoin might have heard the same in his committee's hearings are saying more and more that it is the direction we should take. If that is true and if provinces are given the responsibility of protecting minority rights, my dear friends, we can kiss farewell to the French minorities in our country. For us, the Official Languages Act is essential and the job of Official Languages Commissionner is of foremost importance. My friend, Senator Corbin, mentioned that the province of Quebec sometimes kept quiet when the rights of French-Canadians in other provinces were threatened. Unfortunately, on some occasions, it was worse than that because Quebec, even in the West, opposed some important

positions that we, francophones, had taken, and supported instead what the provinces of Saskatchewan and Alberta intended to do, which was depriving us of certain rights, and Quebec went along with them. Therefore, I am very happy to hear of Dr. Goldbloom's appointment. I must admit that I do not know him personally, but all I have heard about him shows that he is undoubtely a very capable, understanding and courageous man. Consequently, I am most happy with this appointment.

However, I cannot ignore that Senator Corbin was saying that, surely, very soon, someone who does not come from Ontario or Quebec could be named to that position. I think it is important we realize that this position, being crucial for out-of-province minorities, might someday be filled by someone from these minorities.

However, I am not criticizing Dr. Goldbloom's appointment. I have heard nothing but praise in this respect, and I am delighted. However, I want to emphasize how important it will be, considering what is happening in this country today, for the Commissioner to be his own man, and, as Senator Corbin said, a man who does not give in to Ottawa or to the provinces, but always puts his position and official languages first.

Hon. Claude Castonguay: Honourable senators, I would like to add a few brief comments on Dr. Goldbloom's appointment to this important position. I had a chance to work very closely with Dr. Goldbloom when he and I were members of the Quebec government in 1970. At the time, Dr. Goldbloom started as Minister of State for Health, when I held the position of Minister of Health.

I also had occasion to consult him when I chaired a commission of inquiry on health care and when Dr. Goldbloom had become a very respected member of the medical profession.

I followed Dr. Goldbloom's career and saw how he coped with very difficult circumstances, for instance when he was given responsibility for the Olympic Games facilities.

I can assure you, honourable senators, and this for the benefit of those who have not had a chance to know Dr. Goldbloom personally, that it would have been difficult to find a man of greater integrity, a man who is more conscientious and better suited to fill this very difficult position, especially considering the present and future debate on our official languages policy and the protection of minority rights.

In a word, this is an excellent appointment and I support it wholeheartedly. Thank you.

Motion agreed to.

• (1200)

[*English*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

[Senator Molgat.]

RIDEAU HALL
OTTAWA
K1A 0A1
THE SECRETARY TO THE GOVERNOR GENERAL

June 21, 1991

Mr. Speaker:

I have the honour to inform you that the Honourable Charles D. Gonthier, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 21st day of June, 1991, at 12:10 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,

Judith A. LaRocque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*h*) I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 17th September, 1991, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

The Hon. the Speaker: Honourable senators, according TO the new rules for Royal Assent, rule number 114(4) states:

> If the Senate has completed its business for the day prior to the hour fixed in the message received pursuant to section (2) above, the Speaker shall suspend the sitting until not later than five minutes before the time set for the arrival of the Personage outlined in the message. When the sitting resumes, the Speaker shall order the bells to call in the Senators to be sounded for not more than five minutes.

Therefore I shall suspend the sitting and we will ring the bells at 12:05.

The Senate adjourned during pleasure.

• (1210)

ROYAL ASSENT

The Right Honourable Charles D. Gonthier, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to facilitate combatting the laundering of proceeds of crime (*Bill C-9, Chapter 26, 1991*)

An Act to amend the National Energy Board Act (*Bill C-2, Chapter 27, 1991*)

An Act respecting the exporting, importing, manufacturing, buying or selling of or other dealing with certain weapons (*Bill C-6, Chapter 28, 1991*)

The Honourable John A. Fraser, The Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending 31st March, 1992 (*Bill C-24, Chapter 29, 1991*)

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

• (1220)

The sitting of the Senate was resumed.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on moving the adjournment, may I wish my colleagues on both sides of the house a very pleasant summer and thank the staff for their efforts during the year. I hope that next year will not be quite as strenuous for you as this one has been.

Hon. William J. Petten: If I might echo the thoughts of my colleague on the other side, I hope we all have a pleasant summer and that when we come back it will be to a kinder and gentler place.

The Hon. the Speaker: You might all want to celebrate that in my chambers after this motion passes.

The Senate adjourned until Tuesday, September 17, 1991.

THE SENATE

Tuesday, September 17, 1991

The Senate met at 2:00 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

THE SENATE

STATEMENT BY THE HONOURABLE RHÉAL BÉLISLE ON HIS APPOINTMENT AS SPEAKER *PRO TEMPORE*

The Hon. the Speaker *pro tempore*: Honourable senators,

may I be permitted to say thank you to all of you for giving me the privilege and the honour to preside over your deliberations. I am your humble servant at all times. I will be very patient and impartial, but I need the cooperation, the assistance and the tolerance of the two leaders, the deputy leaders, the two whips and every member of this honourable house, be it senators or those who serve us in this assembly.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I want to express our thanks for what the Speaker *pro tempore* has said, and to tell him and colleagues that we are encouraged by his promise of impartiality. We have heard his invitation to cooperation. We on this side had no objection to his appointment as Speaker *pro tempore*, but since he chose to put something on the record on that subject it should also be put on the record that we were not at any time consulted about that appointment.

THE LATE HONOURABLE AZELLUS DENIS, P.C.

TRIBUTES

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I regret the necessity of rising at this time to pay tribute to the memory of our late colleague, the Honourable Azellus Denis, who passed away suddenly during our parliamentary recess and whose funeral we attended in Montreal a week ago Saturday. As honourable colleagues will recall, Senator Denis was in his seat in the Senate in the last days before the recess and even though he had been ailing, he certainly had not complained or given any external sign of his illness, at least to those of us who were not close to him in that sense.

I can only refer to Azellus Denis' parliamentary career because that, in a sense, represents his entire life. I do not know of any other parliamentarian who has had a career spanning almost 56 years, both in the House of Commons and in the Senate. He was elected in 1935 at the same time as other notable Canadian figures such as the Honourable Paul Martin, who is still with us, and served in the House of Commons under the Hon. Louis St. Laurent. Subsequently, he was appointed to the cabinet after the Hon. Lester Pearson became Prime Minister.

Undoubtedly, as was pointed out at the funeral service by his successor in his constituency, Marcel Prud'homme, Azellus Denis has always been an able constituency advocate, and he maintained the confidence of his electorate in that constituency from 1935 until his appointment to the Senate by Mr. Pearson in 1964.

Azellus served as an active member of the Liberal caucus and was a critic of postal matters in the Diefenbaker administration. He became Postmaster General in the Pearson government. Presumably he wanted to come to the Senate, because he held that post for a very short time before he was summoned to the Senate. He remained among us until his recent death.

Azellus referred to the possibility of being summoned to the Senate in 1963, just a year before that event occurred, when he said, "Some people want to send me to the other place and others want to keep me here. I cannot cut myself in two and I suggest that the decision should be left to those responsible. Then we will know if the House loses or the Senate gains."

Honourable Senators, he did come to the Senate and I believe that the Senate did gain by his presence. In his maiden speech, he expressed his pride at being summoned to the Senate when he said, "Honourable Senators, I want to say how proud I am to be among you. I am grateful for the warm welcome you gave me and I intend to show myself worthy of such a distinguished company." He certainly proved himself worthy of the company and worthy of his post.

I can say that, since I became Leader of the Senate, relatively recently, Senator Denis was among the most faithful servants of the Senate. He was here all the time. In examining the records of the Senate, I believe that, certainly as far as this side is concerned, he had the best attendance record of any and, I believe, the best voting record. He was always here, every day, and he gave us the benefit of his support and his service.

Those of us who went to his funeral in Montreal were struck by the feeling expressed at that event by those who attended and by the warm tributes paid to him by Marcel Prud'homme. I was filled with reminiscences, not only because of the event and the long time I had been associated with Senator Denis, but also because of the number of former parliamentarians who suddenly appeared to attend the funeral, including Paul Tardif, Gaston Clermont, and Guy Rouleau.

• (1410)

I travelled to Montreal with Senator Petten, Senator Lefebvre, several former members of the House of Commons and the Black Rod. I want to thank the Black Rod for his co-operation and courtesy in arranging our attendance at the funeral. I can only say that Azellus was well loved and was given a grand farewell.

I had the opportunity of meeting his bereaved widow, who spoke to each of us as we entered the church, and once again I extend to her, on behalf of all of us on this side, our condolences.

Hon. Senators: Hear, hear!

[*Translation*]

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, we all mourn the passing of the dean of Parliament, a colleague who first came here at the age of 28 and who left us at the age of 83. He spent 56 years in Parliament, divided, as the Leader of the Opposition just told us, almost equally between the House of Commons and the Senate. In 56 years, Azellus Denis made only friends on Parliament Hill. His humour and good sense made the debates and question periods more lively and colourful here and in the other place.

He was a nationalist and a federalist, a proud Quebecker and a proud Canadian. He had very firm opinions that he expressed very clearly on the great national issues.

He was proud to serve in Parliament. It was edifying to see this octogenarian, after more than half a century on Parliament Hill, still taking immense satisfaction in serving the public.

Over the years, he became wise, with no illusions, but never cynical. The hearts of his family and friends were no doubt warmed that so many of his former constituents showed their affection and respect for him and their sorrow when he died. They expressed their gratitude to the man who had served them so well.

Marcel Prud'homme referred to that in his excellent speech at the funeral in Montreal.

Réal Caouette, the former leader of the Créditiste Party in the House of Commons, once said of Azellus Denis that he was a Liberal to the bone, but a gentleman. He will all miss him.

Hon. L. Norbert Thériault: Honourable senators, I would like to take a few moments to recall in this chamber my friendship with Senator Denis. I met Senator Denis when I arrived here in 1979, but I must admit our initial conversations were not about important national issues.

Over the years, Senator Denis became a man whose advice I cherished. He was a typical French Canadian, just I imagined them as a member of the New Brunswick Legislature. In fact, I had met a number of members of the Quebec National Assembly but very few federal members or senators.

He was charming, intelligent and wise. He was an actor, a singer and a story teller. He was above all a Canadian. He was also a Quebecer. He was a member of the Liberal Party but had conservative instincts. When I went to his office, he would often say: Just look at the waste in government, the mounds of paper work! He couldn't stand that. He was conservative that way but he was an active member of the Liberal Party.

In losing Senator Denis, I think Quebec, has lost a man it will be difficult to replace.

The young elite of Quebec the academics and journalists would do well to read again what Senator Denis said during the 50 years he spent here in Parliament. Canada has lost a great Canadian, Quebec has lost a great Quebecer and I have lost a dear friend.

Hon. Maurice Riel: Honourable senators, I want to take this opportunity to pay tribute to Senator Denis. Those who were in the Liberal Party in Quebec during the past 50 years all knew Senator Azellus Denis. Senator Denis was elected in 1935, as was said by one of my colleagues. He was a member of the House of Commons until 1964, a total of 28 years. From 1964 to 1991, he spent another 28 years in the Senate. So he spent 28 years in the House of Commons and 28 in the Senate. That is quite a record.

He was a populist MP. He represented the riding of Saint-Denis in the north-central part of Montreal. In those days, people were often referred to according to the Roman Catholic parish to which they belonged in the French Canadian part of Montreal. Azellus came from the Saint-Denis parish. He followed in the footsteps of an older brother or an uncle who was a physician. It was a long-standing family tradition.

I said that he was populist, but he was also popular, having been reelected so many times. In fact, he never had any difficulty winning votes.

Some of you may recall that the Depression was not over yet in 1935. There was nothing to do. Few people had radios. There was no television.

Senator Molson will surely remember that the Forum was empty. I was in my first year of high school at the Collège Sainte-Marie and students were invited to the games free at the Forum. That is how I got to see Howie Morenz, Pit Lépine and all the great players of that era.

What was there to do but to get together in parish halls? They had no money, so they played cards.

If Azelus Denis handled cards so skillfully, as some would point out from time to time, it is out of his dedication for his constituents. Every Saturday and Sunday, he would visit parish halls in his riding to meet them and take part in the most commonly played game: a game of cards.

Senator Azelus Denis can certainly be praised for his good work as a member of Parliament and for having put forward throughout his career truly people-oriented ideas, for he spoke frankly, without beating around the bush or theorizing. He spoke to his constituents as he spoke here, in the Senate, and as he did before in the other place.

After such a long career, Azelus Denis indeed deserves to be remembered. I was unfortunately out of town and could not

attend his funeral. I am all the more grateful for this opportunity to pay tribute to this great man, whom I hope will be remembered as a dedicated member of Parliament.

• (1420)

[*English*]

The Hon. the Speaker *pro tempore:* I wish to inform the Senate that the time for statements has expired. However, if there is unanimous consent the time can be extended.

Hon. Senators: Agreed.

[*Translation*]

Hon. Gildas L. Molgat: Honourable senators, I thank you for giving me the opportunity to add briefly to the homage and regrets aimed at our colleague, Senator Azellus Denis.

My association with Senator Denis goes farther back then his being called to the Senate and naturally, mine. It goes back to the time when he was Postmaster General. I was a freshly elected member of the provincial legislature of Manitoba. But even at that time we had occasional problems with the post office. I must admit that they were not nearly as common as they are today. I had the opportunity to come to Ottawa and visit the Postmaster General. What impressed me in this man was his understanding of people and their needs. Later, when I came to the Senate, he had already been a senator for a while and I could renew our past friendship.

I continued to see, once again, in Senator Azellus Denis that man who understood the Canadian people. Since then, I often told myself that Canada and all of us would have been better off if we had listened more often to Senator Denis' advice.

THE HONOURABLE JOHN LYNCH-STAUNTON

APPOINTMENT AS DEPUTY LEADER OF THE GOVERNMENT

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, on another matter, if you allow me, I would like to inform you of the very recent appointment of our friend, Senator John Lynch-Staunton, as Deputy Leader of the Government.

It has long been an open secret that Senator Doody wanted to leave his position. Finally, we have been able to find him a successor worthy of the tradition.

[*English*]

Senator Lynch-Staunton, as all honourable senators are aware, is a businessman from Montreal who is experienced in the private sector and in government, having been Vice-Chairman of the Executive Committee of the City of Montreal, which is where I first met him back in the mid-1970s. I am very pleased, as I know all of my colleagues on this side are, that he has agreed to accept this extremely difficult position.

There are very few here who truly appreciate how complex and difficult is the post of Deputy Leader of the Government. Senator Doody held it for seven years. Senator Frith was Deputy Leader of the Government in this place from 1980, if I am not mistaken, until 1984, and he has served as Deputy Leader of the Opposition since. It is, as all honourable senators know, a post that requires enormous dedication to duty, tremendous reserves of patience, goodwill, and good humour. Senator Doody was never lacking in those attributes. I hope to have the opportunity to pay a more elaborate tribute to him on his return from the Commonwealth meeting in India, where he now is.

For the moment, I simply welcome Senator Lynch-Staunton to these duties and express the hope and expectation that all senators will find him a delightful person to work with and that they will cooperate to the fullest extent with him.

Hon. Senators: Hear, hear!

FOREIGN AFFAIRS

UNITED SOVIET SOCIALIST REPUBLIC—DISMANTLING OF COMMUNISM—INDEPENDENCE AND SOVEREIGNTY OF BALTIC STATES—EXPRESSION OF SUPPORT

Hon. Stanley Haidasz: Honourable senators, pursuant to the new rules I, too, wish to make a statement at this time. I believe that most if not all of us in this chamber followed with astonishment the breathtaking, momentous and historic political events in the U.S.S.R. following a revolution by the people resulting in the dismantling of the former communist power in that country—

The Hon. the Speaker *pro tempore:* Honourable Senator Haidasz, the time for statements is over. You will have to present your statement under Motions, but not now.

Senator Haidasz: Then I shall wait until you call Motions.

POINT OF ORDER

Hon. Royce Frith (Deputy Leader of the Opposition): On a point of order, I thought he was making a statement and that the Chair had extended the time for statements to 30 minutes.

Senator Haidasz: I wished to make a statement, just as other senators made statements earlier this afternoon.

Hon. Lowell Murray (Leader of the Government): Honourable senators, if I may, I think the rule provides for an extension in such cases and given the importance of the subject matter—

Senator Frith: But you have already given an extension.

Senator Murray: —that Senator Haidasz wishes to raise, we on this side would have no objection whatever to his doing so.

Senator Frith: Perhaps we had better understand how this rule is to work. Fifteen minutes was called at the time Senator Molgat rose to speak under the heading "Statements". I was looking at something else at the time, but I thought I distinctly heard someone say, "Shall we extend?", and I heard others say, "Yes". That means that the time was extended for 30 minutes.

Senator MacEachen started at 2:07. Thus, 30 minutes from then should add another 10 minutes before the period has fully expired. I do not think it should be done one by one. If it is extended for 30 minutes, then it is extended by 30 minutes.

The Hon. the Speaker *pro tempore:* I am only following the instructions of the Table Officers, and I was told that the time had expired.

Senator Frith: I have read these rules and I am learning something new about them every day. Are we suggesting that under the heading "Statements" the Table Officers tell senators when they can speak? All they do is tell you, Mr. Speaker, when the 15 minutes is up. Then, if there is to be an extension under Rule 22, it is extended to 30 minutes. If it is extended to 30 minutes, it is extended. We do not have to keep doing it for every senator.

• (1430)

Senator Murray: Honourable senators, I do not know quite what the justification is for the interpretation the honourable senator has put on the rule. When the 15 minutes expired we extended it to hear Senator Molgat speak in tribute to Senator Denis.

Senator Frith: Did I say that? Is that what the record shows?

Senator Murray: I confess that I entered the fray with a statement concerning the appointment of the new Deputy Leader of the Government.

Senator Frith: You did not ask for leave for that, and you did not need it.

Senator Murray: I think ordinarily I would need leave, and I think the practice in legislative assemblies working under these kinds of time limits has been that extensions are given to hear a particular speaker or for a particular speaker to be allowed to complete his remarks. I have no doubt that that is the way we will function here in future. Having said that, I am aware that Senator Haidasz wishes to make a brief statement on matters that are, as he indicated in the few words he managed to get out, of global importance. I believe the house would be disposed to extend the time to hear him.

Senator Haidasz: Thank you, honourable senators. I believe that most, if not all of us in this chamber—

Senator Frith: What is your impartial ruling on this point, Your Honour? Shouldn't we know? Does it go for 15 minutes? We will follow the rules.

Senator Murray: Not necessarily.

Senator Frith: Does it go for 15 minutes and then you are notified and then leave is given to each individual? That is fine with me if that is the way it is. The rule says that the time can be extended, as I understand it, up to 30 minutes. What is the practice? Will you give us a ruling on that? If the time is extended, does it extend for up to 30 minutes or does every individual senator have to have individual permission?

Senator MacEachen: Perhaps Senator Robertson will tell us.

The Hon. the Speaker *pro tempore:* An extension was requested and I asked if permission were granted.

Senator Frith: Permission for what?

Senator Haidasz: To extend.

The Hon. the Speaker *pro tempore:* Senator Haidasz did not take his time until Senator Murray rose—

Senator Frith: They are your rules. Is the extension that you granted an extension of the period to 30 minutes, or is it an extension only for each individual?

The Hon. the Speaker *pro tempore:* I did not say 30 minutes. I gave an extension based on the unanimity of the house.

Senator Frith: Your Honour, I am not asking what you said. My question was: When you granted the extension, does that mean the time is extended for 30 minutes for the whole period, or are you only extending it for each individual who asks for an extension? That is a straightforward question.

The Hon. the Speaker *pro tempore:* I should like to inform my honourable colleague that whenever a new subject or new item comes up, if the house gives unanimous consent it will be granted for 30 minutes.

Senator Murray: Up to 30 minutes. Perhaps it would be useful to put the rule on the record. Rule 22(8) reads in part:

> . . . if such leave is granted, the time provided for the item will be extended for a period not to exceed thirty minutes.

A period not to exceed 30 minutes, as the honourable senator knows, can be anywhere from one to 29 minutes.

Senator Frith: And the item spoken to can be extended for a period of 30 minutes. So each item can go up to 30 minutes.

Senator Murray: You should read the rules.

Senator Frith: I have read them, and you have just given us an interpretation. I expect the Speaker is listening to the honourable senator. He is prepared to listen to whatever the clerks have to tell him, so I am sure he is prepared to listen to you. So the Leader of the Government has told us that the time for each item is extended for 30 minutes.

Senator Murray: No, the period.

Senator Frith: It is not each item; it is the whole period. The whole period is extended for up to 30 minutes.

Senator Murray: Yes.

Senator Frith: Of course it is up to 30 minutes. We may not wish to take advantage of the whole 30 minutes, but the question is: Is the period extended for 30 minutes or is each item? Anyway, we will see lots of these pearls of careful thought and lucid expression of rules in the months to come, I am sure.

Senator Haidasz: Thank you, honourable senators. For the sake of continuity I shall repeat what I said a few moments ago.

Having given notice earlier today to a clerk at the Table that I wished to make a statement at the opening of the session, I now take the opportunity, with your indulgence, to make the folloing statement. I believe that most if not all of us in this chamber followed with astonishment the breath-taking,

momentous and historic political events in the U.S.S.R. following a revolution by the Soviet people resulting in the dismantling of the former communist power in that country.

I believe we also followed with great satisfaction the formal restoration of the independence and sovereignty of Estonia, Latvia and Lithuania. Although the Secretary of State for External Affairs, on her way to Moscow and Kiev, did not visit these Baltic countries, we welcomed the visit of the Minister for International Trade, my co-chairman on the Parliamentry sponsoring committee of the annual Baltic cultural event on Parliament Hill, who visited Estonia, Latvia and Lithuania along with representatives from the Estonian, Latvia and Lithuanian communities of Canada.

While there, he carried out, on behalf of the Canadian government, the re-establishment, finally, of diplomatic relations with Estonia, Latvia and Lithuania and, at the same time, announced Canada's ambassadors to those countries. I believe it is important for all Canadians to urge and support the Canadian government in offering assistance to those countries in the building of democratic institutions and the development of trade relations and cultural exchanges with Canada.

Today, on the occasion of the opening of the forty-sixth General Assembly of the United Nations in New York, I invite all honourable senators to unite with me in expressing joy on the admission of Estonia, Latvia and Lithuania to that international body and on their joining the world family after 51 years of foreign domination and violation of human rights perpetrated against the Baltic peoples. Long live Estonia, Latvia and Lithuania!

[*Translation*]

INFORMATION COMMISSIONER

* * Annual Report Tabled

The Hon. the Speaker ***pro tempore***: Honourable senators, I have the honour to table the annual report of the Information Commissioner for the period 1990-91.

[*English*]

PRIVACY COMMISSIONER

ANNUAL REPORT TABLED

The Hon. the Speaker *pro tempore:* Honourable senators, I have the honour to table the annual report of the Privacy Commissioner for the period 1990-91.

[*Translation*]

COMMISSIONER OF OFFICIAL LANGUAGES

* * Annual Report Tabled

The Hon. the Speaker ***pro tempore***: Honourable senators, I have the honour to table the annual report of the commissioner of Official Languages for the period 1990-91.

[Senator Haidasz.]

NATIONAL FINANCES

Third Report of the Committee Presented

Hon. Roch Bolduc, Chairman of the Standing Committee on National Finance presented the following report:

Tuesday, September 17, 1991

The Standing Senate Committee on National Finances has the honour to present its

THIRD REPORT

Your Committee, which had been authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reports, pursuant to Rule 105, that the expenses incurred by the Committee during the Second Session of the Thirty-Fourth Parliament are as follows:

Professional and Special Services	$236,436
Transports and Communications	$37,26
Other Expenditures	$343,37
TOTAL	$236,816.53

Respectfully submitted,

ROCH BOLDUC

Chairman

• (1440)

[*English*]

BUSINESS OF THE SENATE

On Presentation of Reports from Inter-Parliamentary Delegations:

Hon. H. A. Olson: Honourable senators, under the old rules, when we wanted to present a report on an interparliamentary delegation, we put it down as a Notice of Inquiry. If that is necessary, I will be glad to do so.

The only reason I raise this now is that Senator Barootes and I were involved in parliamentary association meetings that took place in Turkey and the Soviet Union. We both learned some things at those meetings that we think should be on the record. Therefore, at this stage, I would give notice under Item No. 9 or, alternatively, under Item No. 11, which is Notices of Inquiries. I am not asking for a ruling on this matter today, but for future reference I should like to know whether this comes under one item or the other. I do not want to miss this opportunity to give notice. If I am informed that all that is required is to give notice now, then in future I will bring it up under Item No. 9. However, if it is required that I give notice under Item No. 11, then I shall also be glad to do that.

Hon. Duff Roblin: Honourable senators, I am in the same position as my honourable friend. I attended an interparliamentary meeting in respect of NATO last spring and I should like to table a short report on the proceedings of that activity. I suspect that all I need to do is ask permission now to do so. If

that is the case, then I would ask permission to table my report and have it added to our proceedings.

The Hon. the Speaker *pro tempore:* Is permission granted to both requests?

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): What were we being asked permission for?

Senator MacEachen: It has to do with reports of interparliamentary delegations.

Senator Roblin: In rising on this item on the Orders of the Day, I wish to advise the Senate that I was a delegate at a parliamentary meeting at the Hague and I would like to acquaint the Senate of my report. My suggestion was that I be allowed to table it and have it added to our proceedings for the information of anyone who wishes to read it.

Senator Olson: My purpose in rising was slightly different. I understand Senator Roblin has his report ready today. I do not have my report ready today but I wanted to give notice, if that is what is required under the new rules, that I will subsequently — and it may not be tomorrow, but some day later on — put in my report. I raised the question of whether I am required to put it under Notices of Enquiries and my understanding is that I do not. I understand that, by giving notice, I can introduce this under Item No. 9.

Senator Frith: If that has now been accepted, and I guess it has, I should just like to note that, if we are going to permit people, in effect, to table their speeches, it would be quite a departure from our normal practices. If all we are talking about is that someone can table a report from an interparliamentary delegation and then speak to it, that is quite different. I take it we are not talking about tabling our speeches, because, if we are, that is a major departure. It is something we have always refused to allow. Senators and Representatives in the U.S. Congress can stand up and table a speech, or even a bill, and have it sent out to the constituents. As far as I know, that has always been resisted in the Parliament of Canada. I hope that is not what we are agreeing to and, if we are, we know what we are doing. I hope the matter is still open as to whether we have changed the practice so that senators can stand up and table speeches. I think it is not a good practice and I hope we have not established that practice or just jemmied the door open a bit so that we will be able to do it in the future.

Honourable senators, I should also like to clear up a point we were dealing with earlier under these new "tablets of stone" that we got from Moses — I am sorry, not Moses, Brenda. The question of extending this 15-minute period is specifically dealt with in the rules. As honourable senators know, the new rules generally allow 15 minutes for all senators' statements — all 104, or 106 as it is now. We are allowed 15 minutes in total to make statements. I do not know if anyone has a computer and can divide that to find the average amount of time allowed for 104 people.

The provision is found in Rule 22(8) which specifically states in the margin:

Leave to extend time for "Senators' Statements"

The rule states:

> At any time during the time provided for consideration of "Senators' Statements", either Whip may approach the Speaker and request that the time provided for the item be extended. If such a request is received, the Speaker shall so inform the Senate at the next opportunity and shall, at the end of the time provided for the item . . .

This is what the Leader and I have a disagreement about. Is it the item being spoken to or the item on the agenda? That is certainly not clear. The rule goes on to state:

> . . . ask if the Senate grants leave to extend the time provided for the item . . .

If it means the item I am speaking to, then it would mean I could extend it for 30 minutes; or does it mean the item on the agenda which, in fact, I assume it means? It goes on to state:

> . . . and, if such leave is granted, the time provided for the item will be extended for a period not to exceed thirty minutes.

Does that mean tht I can get an extension of up to 30 minutes for my item? I admit that I was reading the rules, but I did not notice either Senator Petten or Senator Phillips approaching, clutching their forelocks to the Speaker and asking if this could be extended. Perhaps they did, but I must have missed it.

In any event, I do not believe that the question of the word "item" is as clear as Senator Murray likes to think it is, but I must say that, in the interests of freedom to speak in this place, I like his interpretation, namely, that my item is extended for 30 minutes rather than the whole item on the agenda.

Senator Murray: That is not my interpretation.

Senator Frith: Oh, I would not have thought so.

FOREIGN AFFAIRS

PROPOSED CANADIAN AID TO SOVIET UNION AND CURRENT CONSTITUENT REPUBLICS—NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I give notice that on Wednesday next, the 18th of September, I will call the attention of the Senate to the proposed Canadian aid to the Soviet Union and its current constituent republics. I am not sure that that is clear, but I do not know how else to describe it at the moment.

AGRICULTURE

CANADIAN GRAINS—ANTICIPATED LOW MONETARY RETURNS—EFFECT ON FARMERS—NOTICE OF INQUIRY

Hon. H. A. Olson: Honourable senators, I give notice that on Wednesday next I will call the attention of the Senate to the prospects for the sale of Canadian grains, and the effect on farmers of the anticipated low monetary returns from those sales.

POINT OF ORDER

Hon. Lorne Bonnell: Honourable senators, on a point of order, I would like to clarify what has happened here. Under the heading Notices of Inquiries, Senator Olson gave notice of an inquiry. My good friend across the way tabled papers, and in both cases the Speaker asked if there was consent by the assembly. Must one now obtain consent to give notice of an inquiry?

Some Hon. Senators: No.

Senator Bonnell: Why did the Speaker then ask if consent was given for the notice of inquiry?

Senator Murray: Ask him why he did it.

Senator Barootes: Look at page 26.

Senator Bonnell: That is what I am looking at, but I notice the Speaker asked whether leave was given to have this happen. I did not think leave had to be given before a senator could give notice of an inquiry.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): I have some petitions. If we were coming back to school I would be saying, "How I spent my summer". One of the ways I spent my summer was to receive petitions.

Senator Barootes: I did not quite get the verb.

Senator Frith: "Receive". I did not "solicit" any of them. The verb is "receiving" and not, for absolute certainty, "soliciting".

To save my reading each one, the outside of the petition is addressed to me. The prayer is, as before, a request that the universal 7 per cent goods and services tax adopted by the Conservative government will create serious unjust and inhuman difficulties to Canadians; whereas the implementation of this tax will constitute a unprecedented assault on the income of Canadians, not only by forcing them to pay higher taxes, but also by confronting them with a rise in inflation, interest rates and unemployment; whereas the methods used by the government are unworthy of a democratic society. They are rather the work of lawmakers that want to implement a dictatorship, snapping their fingers at the general opposition of the population.

As you can see, there has been some redrafting done during the summer.

Senator Simard: Is this the prayer?

Senator Frith: No, that is the "whereas". Now the prayer: "Wherefore the undersigned, your Petitioners, humbly pray and call upon the Senators and MPs, the true representatives of the people, to do everything possible to abolish the new Goods and Services Tax, and we strongly demand a general election immediately. Canadian producers—" et cetera. It is the same wording as in the others that I have tabled.

[Senator Olson.]

From Alberta they are from Berwyn, Donnelly, Edmonton, Edson, Fairview, Falher, Girouxville, Grimshaw, Hines Creek, Legal, Manning, North Star, Peace River, Rainbow Lake, Whitelaw, White Rock and Worsley.

There are some signatures in here from B.C. and there are a total of 69.

From Manitoba there is a group from Kildonan, St. Vital, St. Boniface and Winnipeg. Again there are approximately 23 in each and there are approximately 20 total.

From New Brunswick there are signatures from Atholville, Bae-Ste. Anne, Bas-Caraquet, Bertrand, Blacks Harbour, Bonny River, Campbellton, Caraquet, Chatham, Grande-Anse, Kouchibouguac, Lameque, Le Goulet, Lower Neguae, Maisonnette, Moncton, Neguae, Pennfield, Pokemouche, Rogersville, Saint John, St. Isidore, St. Leolin, St. Leonard, St. Limon, St. Simon, Seeley's Cove and Tracadie.

I do not have a total for those but there are 20 to 23 on each sheet and there appears to be 10 to 20 sheets; so there are some 200 to 300 names there.

From Ontario there are names from Belleville, Britt, Burlington, Chelmsford, Chesterville, Cobalt, Copper Cliff, Cornwall, Crysler, Don Mills, Etobicoke, Haileybury, Huntsville, Iroquis Falls, Kapuskasing, Kenabeek, Kirkland Lake, Larder Lake, Lively, London, Marathon, Matachewan, Mattawa, Mississauga, Moonbeam, Morewood, New Liskeard, Nobel, North Bay, North Cobalt, North York, Oakville, Ottawa, Papineau Township—a Quebec one—Pickering, Sault Ste Marie, Smooth Rock Falls, Sudbury, Sultan, Timmins, Toronto, Trenton, Valrita, Varna and Virginiatown.

There are red flags on those names of people from places outside Ontario, perhaps people visiting relatives.

I have a large number from Quebec, as you can see. There must be 50 pages with an average of 20 names. They are from Albanel, Anjou, Arthabaska, Asbestos, Baie D'Urfe, Barrante, Beaudry, Bedford, Beloeil, Blue Sea Lake, Boucherville, Bouchette, Brigham, Bromont, Brossard, Cantley, Charlemagne, Chateauguay, Chesterville, Chibougamau, Chicoutimi, Cowanville, Delson, Dolbeau, Drummondville, Dunham, Evain, Farley, Farnham, Frontenac, Gatineau, Gracefield, Greenfield Park, Hemmingford, Hull, Jonquiere, La Baie, La Plaine, La Salle, La Sarre, L'Assomption, L'Epiphanie, L'Averir, Lac Megantic, Les Cedres, Longueil, Mascouche, Malartic, Maniwaki, Mercier, Messines, Montreal, N.D.G. Noranda, Norbertville, Northfield, Notre Dame de Ham, Ormstown, Pierrefonds, Pointe Claire, Prevost, Princeville, Rawdon, Repentigny, Restigouche, Riviere-Beaudette, Riviere-Heva, Rougemont, Rouyn-Noranda, Roxton Falls, St. Amable, St. Andre, St. Armand, St. Bernard D'Lacolle, Ste. Catherine, St. Constant, St. Eugene, St. Eustache, St. Helene, St. Isidore, St. Jean-Baptiste, St. Joachin, St. Leonard, St. Michel, St. Nazaire, St. Norbert, St. Remi, St. Rosaire, Shawinigan, Sorel, Stanbridge, Thetford Mines, Tracy, Trois Rivieres, Val D'Or, Valleyfield, Vassan, Verdun, Victoriaville, Ville de la Baie, Ville Las, Ville St. Pierre, Ville Saint-Laurent, Warden, Waterloo and Wickham.

• (1500)

[*English*]

Some of those names are mixed. Those names are flagged. You may have noticed that I read some names from New Brunswick. I have flagged the names that are from outside of Quebec, but most of them are from Quebec. One of the names included in one of the petitions—and I am sure it was included for comic relief—was the name of Brian Mulroney.

Those are the petitions that I present from the summer. It is quite clear that the rage of the people against the GST and the manner in which that GST was rammed down their throats has not subsided during the summer heat.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I did not have as productive a vacation as Senator Frith. Nevertheless, here are some petitions; more will come in the next few days. I have the honour to present a petition signed by 75 young Ontarians who deplore the fact that the GST credit is not available to young Canadians under 19 who do not live with their parents and who pay tax. They ask the Senate to urge the government to correc this injustice. These petitions come mainly from Barrie, Etobicoke, Port Perry, Midland, Orillia and Mississauga.

I have another one here that is more general; it does not focus on the problem of young people but is still concerned with the GST. I have the honour to present a petition signed by 43 Albertans who are opposed to the goods and services tax. These petitions come mainly from Brimshaw, Peace River, Valley View and Dicksonville.

[*English*]

Hon. Len Marchand: Honourable senators, over the summer I, too, received quite a large number of petitions from mainly Indian people across Canada. It was coordinated by the Association of Iroquois and Allied Indians in London, Ontario.

There are about 40 or 50 petitions here with about 25 signatures each. Their concern is also related to the GST. I will not read the whole petition but will indicate that their concern is indicated in the last paragraph. It states:

> The undersigned, your petitioners, call upon the Senate to fulfill its responsibilities to the citizens of the First Nations in Canada by taking immediate steps to rectify the deficiencies of the policy guidelines, including changes which will protect the taxation immunity of First Nations citizens both on or off reserve lands including those citizens who do not as yet have recognized reserve lands.

The petitioners are from all over Canada. That gives us an indication of what our people think about the GST on a national basis. I was going through some of the places on the petitions. There is one from Merritt, B.C.; Thompson, Manitoba; Sturgeon Lake, Saskatchewan; Vancouver; Brandon, Manitoba; Squamish, B.C.; Peterborough, Ontario; and so on.

VETERANS AFFAIRS

PRESENTATION OF PETITIONS

Hon. Jack Marshall: Honourable senators, there were other people busy during the summer also. I have a petition log that I keep in my office. It contains all the petitions that came in since we adjourned. It runs from June 17 to September 16, 1991. We received 1,042 petitions supporting the report: *It's Almost Too Late*, tabled in the Senate by the Senate subcommittee on Veterans Affairs, asking:

> THAT the *War Veterans Allowance Act* be amended to define as a veteran all merchant seamen who made at least one trip through dangerous waters;
>
> THAT the Government of Canada prepare and place in the Peace Tower (of the Parliament Buildings in Ottawa) a Book of Remembrance honouring merchant seamen who died of enemy action in Canadian armed conflicts and, further, that suitable monuments to their sacrifices be erected;
>
> THAT at the earliest possible opportunity, the Government of Canada introduce legislation to extend full veterans benefits to all Canadian merchant seamen who served in dangerous waters in Canada's armed conflicts;

As honourable senators will know, there is a bill in my name that will cover that last point. However, I want the Senate to know that even though we put a limit on the date for petitions to be received—it was March 3, 1991—they are still coming in for April, May, June, July, August and September, and will continue to come into my office in the days to come.

QUESTION PERIOD

AGRICULTURE

INTERNATIONAL GRAIN SUBSIDIES—CONSEQUENT DETERIORATION OF INTERNATIONAL MARKETS FOR CANADIAN GRAINS

Hon. H. A. Olson: Honourable senators, I should like to put a question to the Leader of the Government in the Senate dealing with a subject that was referred to the GATT, asking them to try yo sort out what can be done about agriculture subsidies and some of the consequent deterioration of a number of markets, particularly the international grain market, which continuously worsens.

• (1510)

I would like to ask the Leader of the Government to give us some indication of where those discussions are going and indeed where they are at now.

Several times during the recess I read news reports which stated that an attempt was made by some delegate or the leaders of the GATT arrangements to have a meeting, and inside of a few hours those meetings collapsed again. I know this is complicated by the present PSAC strike. I will have

more to say on that subject perhaps later on in this Question Period.

Could the Leader give us some indication of whether there are any prospects at all—bright prospects—that we are going to get some determination from GATT respecting this matter?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I regret that I cannot be very helpful on that matter today. I will attempt to obtain a brief from my colleagues and see if I can have some information tomorrow for the honourable senator.

Senator Olson: Honourable senators, I appreciate that undertaking.

GRAIN INSPECTION AND HANDLING—EFFECTS OF PUBLIC SERVICE ALLIANCE STRIKE

Hon. H. A. Olson: I wonder if I could ask the Leader of the Government in the Senate to obtain some other information that is of vital concern, having to do with the grain inspectors being caught up in the PSAC strike.

I know there are a number of other inspectors such as meat inspectors who have been declared part of essential services for health reasons. They are, in fact, regulators or they enforce the law.

I believe that the grain inspectors who are holding up the grain shipments fall into the same category, although one might not be able to make the argument simply on the ground of human health; but they certainly are regulators and therefore law enforcement officers.

Quite frankly, I do not know who designates which groups fall into the so-called "essential services category." If these grain inspectors were in that category of essential services they would not be on strike.

I wonder if the Leader of the Government could bring in some information respecting that. These grain inspectors should be in the essential services category. They are not the people who do the work. All they do is inspect the grain that is going through to make sure that it meets the quality set out under the Canadian Grains Act.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall make inquiries on that matter as well.

As honourable senators know, the government tabled back-to-work legislation in the other place yesterday and we opened the debate on second reading today.

Since that time, there have been ongoing discussions with the union and the opposition parties in the other place. What these discussions will lead to I do not know, but let us hope for the best and meanwhile prepare for the worst.

If it is necessary for the Senate to deal with this matter, I would expect we would have to deal with it very early next week.

Senator Olson: I understand that and I accept it and I am grateful for the response, although I am not sure that the minister quite understood my request. I understand the complications that are involved in dealing with the strike. I also know of some offers that have been made by the union which include getting the grain inspectors back to work immediately, but that required that certain conditions be met first.

What I am asking him now is if he can find a way at least to give us the information as to how we can go about getting these grain inspectors, who really are law enforcement officers respecting the Canadian Grains Act, declared essential services so that they do not get caught in it again.

Senator Murray: Honourable senators, I shall bring in some information as to the process that is at work in identifying designated employees and groups of employees under the Public Service Staff Relations Act.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Deputy Leader of the Government, through the Leader of the Government, arising from one of his answers. What are the Deputy Leader's plans for the handling of the back-to-work legislation which is presently in the House of Commons? Does he have any sort of schedule, or draft schedule, with respect to when we might be dealing with it? Does he have any timeframe in mind for that and for other business for this week?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think my information on Bill C-29 is most recent. If Bill C-29 remains on its present track, the government leadership in the other place expect that it would be voted on by late Monday afternoon. In other words, the bill would be here in the Senate Monday evening, if we were sitting. Prudence dictates that we make plans therefore to sit on Monday evening. Indeed, if that legislation is still on track when we adjourn for this week, it would be the intention of my friend, the Deputy Leader of the Government, to move that we adjourn until Monday evening at 8.00 p.m.

As for business for the rest of this week, there is not, as the honourable senator is aware, a varied menu. The items are listed on the Order Paper and we propose to take them one at a time as they come, that is to say, Bill C-15, C-14, and the Speech from the Throne.

VETERANS AFFAIRS

AVAILABILITY OF PETITIONS

Hon. Lorne Bonnell: Honourable senators, I would like to put a question to the chairman of the subcommittee on Veterans Affairs.

I noticed that under presentation of petitions he rose and made a very nice speech, which I agreed with, but I never saw the petitions that he presented. Are those petitions going to be presented so tht we will have them here for the records of the Senate, or was the honourable senator making a speech under Presentation of Petitions?

Hon. Jack Marshall: Honourable senators, as usual my deputy chairman reminds me of my mistakes. I had the log but

the petitions were not there. They are now on the way over from my office.

PUBLIC SERVICE ALLIANCE OF CANADA

BACK-TO-WORK LEGISLATION—ATTITUDE OF GOVERNMENT

Hon. Stanley Haidasz: Honourable senators, I would like to ask the Leader of the Government in the Senate to justify the inflexible, indifferent and intolerable attitude revealed by the Government of Canada in its draconian proposed legislation forcing the members of the Public Service of Canada back to work without even considering the appointment of a mediator in the present labour dispute that is causing so much hardship to these public servants, as well as great chaos in the federal administration and a negative effect on the national economy of Canada.

● (1520)

Hon. Lowell Murray (Leader of the Government): Honourable senators, my honourable friend will have an opportunity to make his editorial comments on Bill C-29 when it arrives here, and I will undertake to make mine at the same time.

Senator Haidasz: Honourable senators, I should like to ask a supplementary question of the Leader of the Government.

We in this chamber deserve to hear some kind of defence of the government's attitude because it is a matter of such national importance causing not only disruption but hardship, as I have said, in many sectors not only of the national economy but in many families in this country.

Senator Murray: Honourable senators, my honourable friend and all colleagues can look forward to a brilliant text position of the government on this matter from Senator Bolduc, who will be sponsoring Bill C-29 in this chamber when it arrives.

There are few honourable senators with more experience in the field of public sector labour relations than our colleague Senator Bolduc. We all look forward to his speeches which will open and close the debate on that bill.

Senator Frith: Considering his career, I am surprised that he is even associated with this bill, let alone support it.

FOREIGN AFFAIRS

CANADIAN AID TO THE SOVIET UNION

Hon. H. A. Olson: Honourable senators, I should like to ask the Leader of the Government if he will initiate a debate on the matter of Canadian aid and Canadian participation in aid programs by the so-called western countries to the Soviet Union through its period of transition and attendant turbulence.

This matter is very serious, and if he will not initiate the debate, will he participate in such a debate? I put forward today a Notice of Inquiry on the subject matter.

The position of the Prime Minister and two or three other ministers is that Canada is reluctant to become involved in supplying consumer goods, especially food but not only food, to the Soviet Union and the constituent republics. I do not think that is the view of the Canadian people. The government could use some guidance on this matter. In my view, it should ask Parliament for such guidance by way of initiating a debate on the matter in order to obtain a more accurate view of what Canadians would like their government to do in these tumultuous weeks and months, especially with respect to the costs and the consequences to Canada and, indeed, the whole world if the wrong moves are made.

I ask the Leader of the Government if he will participate in such a debate so that we can see what the government's position will be with respect to this important matter.

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is obvious that my friend will need some illumination on this point. I think he has unfairly and inaccurately characterized the position of the government. If this is a foretaste of the speech that he will make in this debate, then I most emphatically will join it.

Senator Olson: I thank the Leader of the Government for giving that kind of commitment. I hope that he will convey the views expressed by other senators in the debate to the government so that it can be better guided in the future.

CANADIAN NATIONAL RAILWAYS

POSSIBLE CLOSURE OF LINE BETWEEN TRURO AND NORTH SYDNEY, NOVA SCOTIA

Hon. John B. Stewart: Honourable senators, I should like to ask the Leader of the Government in the Senate if he will assure the Senate that the government will take whatever steps are necessary to prevent the termination of rail service provided by Canadian National Railway between Truro, Nova Scotia and North Sidney, Nova Scotia.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will have to look into that question before giving the kind of undertaking that the honourable senator seeks.

Senator Stewart: I gather from the honourable senator's response that he is not familiar with reports that Canadian National Railway proposes to sell the railway line between Truro and North Sidney, Nova Scotia.

Senator Murray: Honourable senators, I must confess that I am not.

HEALTH AND WELFARE

EFFECT OF ALCOHOL ON PREGNANT WOMEN—PROPER LABELLING OF PRODUCTS CONTAINING ALCOHOL

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate about government policy.

During the summer I received some correspondence, as perhaps other senators did, from Mrs. Joy E. Gilmour of

South Burnaby, B.C. I will provide that material to the Leader of the Government.

Mrs. Gilmour's concern is with the labelling of alcohol products for Canadian consumption, and particularly problems that result from the consumption of alcohol during pregnancy. The government has been doing some work on this subject. Apparently, it is the subject of quite a lot of legislative attention in the United States. She claims that she is unable to get a clear picture as to what, if anything, the government proposes to do about it. Thus, I ask the Leader of the Government if he will start by trying to find out what he can about the government policy on that subject. I will provide him with copies of the correspondence.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will be glad to ask my colleague, Mr. Bouchard, the Minister of National Health and Welfare, for a report on this matter.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

SECOND READING—ORDER STANDS

On the Order:

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

Hon. Lowell Murray (Leader of the Government): Honourable senators, when we left off on this matter just before the summer adjournment, the Deputy Leader of the Opposition had stated some concerns about the bill. Also, if memory serves me correctly, he had indicated his intention, or the intention of his party, to propose an amendment to the bill as it affects official languages.

That being the case, I simply wish to inquire of the honourable Senator Frith what his intentions are. Does he intend to propose the amendment of the bill at second reading now, or is it his intention to do so later when the bill goes to committee?

Before we adjourned the honourable Senator Frith indicated that he might try to amend the bill at this stage. I do not know whether that is possible. He is an ingenious parliamentarian and he may be able to find a way within the rules to make his point.

In any case, I am inquiring what his intentions are at this stage. If he does not wish to speak now, and no other honourable senators wish to speak, I expect that my friend Senator Grimard, who is the sponsor of the bill, would, first of all, ask Your Honour to put the motion for second reading. Then, if that passes, Senator Grimard would propose to move that the bill be sent to the Standing Committee on Transport and Communications.

[Senator Frith.]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators will remember that my concern was a concern raised by the former Commissioner of Official Languages and relates specifically to the question of the applicability of the standards set up in the Official Languages Act to contractors at airports.

• (1530)

I do intend to propose an amendment but I do not intend to delay in doing so. I will get to my books and my paper today or tomorrow. I will certainly deal with it tomorrow, one way or another. Perhaps I will make a speech in support of my amendment and then introduce the amendment, although I think probably the better practice would be to raise the point again in committee and then, if I lose my proposed amendment in the committee, to introduce the amendment again at third reading. One way or another I intend to push forward with the amendment and will be doing so promptly.

Senator Murray: That is entirely satisfactory, honourable senators. Whenever Senator Frith goes ahead, Senator Grimard is prepared to speak for the government on this matter. So we will take it that the item is adjourned until tomorrow.

Senator Frith: Yes. Under the new rules we do not adjourn government business in the name of a senator so it will not be standing in my name. Therefore I take it we are now plowing a new furrow and we will see how these things work. If they work in such a way that the government will call the order whenever it wants, they will now know that I intend to speak at that time.

Order stands.

VETERANS AFFAIRS

PRESENTATION OF PETITIONS

Leave having been given to revert to Presentation of Petitions:

Hon. Jack Marshall: Honourable senators, I would like to table the Petitions that I presented earlier.

Hon. Lorne Bonnell: Honourable senators, may I ask the honourable senator how many petitions he has there?

Senator Marshall: Would you like to check them?

Senator Bonnell: No. It looks like about 1,000.

Senator Marshall: There are 1,042 names.

AN ACT TO PROVIDE FOR THE APPOINTMENT OF A PORT WARDEN FOR THE HARBOUR OF QUEBEC AN ACT TO AMEND AND CONSOLIDATE THE ACTS RELATING TO THE OFFICE OF PORT WARDEN FOR THE HARBOUR OF MONTREAL

BILL TO AMEND—SECOND READING—ORDER STANDS

Hon. Lowell Murray (Leader of the Government): Honourable senators, I regret that our friend Senator Davey is not with us at the moment, although he was in the chamber

earlier. Perhaps the Deputy Leader of the Opposition can help us on this matter as well. When we left off on Bill C-14 before the summer recess, Senator Davey had posed some 40 questions that he wanted answered by the minister or by the Department of Transport.

These questions do not relate to the subject matter of this bill. They relate to contractual arrangements between the Port of Montreal and various private companies and, indeed, contractual arrangements between the Government of Canada as a whole and various private companies.

My advice to the honourable senator would be that he put the questions on the order paper. They do require detailed replies. We will do our best to answer them, but I do not think it is reasonable for him to suggest what he might be doing; that is, to hold up progress toward second reading and referral of the bill to committee until he has these questions answered. Again, I suggest he put the questions on the order paper, and we will do our best.

I do not want to mislead anyone. There are problems with some of those questions. The problems relate to the fact that not all the information sought here is, by any means, government information. A good part of it is information that belongs to private individuals and companies. I may say that the guide the government uses in dealing with matters of this kind is the standards of the Access to Information Act and the Privacy Act. By these guidelines we would be governed in answering questions of that kind. So I do not want anyone to be misled when I suggest that our friend Senator Davey should put the questions on the order paper. In any case, the questions are not related to the subject matter of the bill, and I hope he will agree that we should proceed to the vote on second reading of this bill and, if it succeeds, a motion to refer the bill to committee.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, there are three points to be made on behalf of Senator Davey and our side. First, the question of the strict legislative relevance of these questions to the bill: I do not agree that there is no relevance, no logical or legislative connection between these questions and the bill. The questions relate, as he has said, to contracts and commercial relations between the authority and private persons, and—

Senator Murray: Between the Government of Canada.

Senator Frith: —include one of our colleagues, Senator Charbonneau, as one of the contractees, or so the questions attempt to discover. So the view that when a government authority asks for amendments to its legislation, its manner of dealing and doing business in the past should not be considered strictly relevant is obviously one point on which we disagree.

The next point is, if it is strictly relevant in that legislative sense, whether it is politically relevant, this being a political body and institution as well as a legislative one. Of course, I speak of small "p" politics, not capital "p". So are matters involving small "p" politics matters into which a political institution or legislative institutions should inquire? I think so.

The third question is: Even if I am right on the preceeding questions, can the government provide the information? That is the third point, or at least an additional point raised by Senator Murray. I cannot argue with that point: I just do not know. One place to find out, of course, would be in the committee where details of the points raised by Senator Murray could be provided by witnesses on behalf of the port authority, who could say, "We can tell you about that but not about this. We could tell you about this but you should get it under access to information.", et cetera.

Taking those three points, were does that leave us? It seems to me that we wish to continue with the connection between the two and will therefore include a connection between the two in our debate. There is then no reason why the bill cannot go to committee where we can, of course, deal with all three points but in particular the third point as to whether— and I suspect Senator Murray is right about this; I do not know— the people whom we would probably have appear before us in the committee can provide all the information requested. Then the committee can decide whether it wishes to sever the questions and provide some of the material and not the rest, which can then be reported back and we can go through the legislative process. That is the context in which I suggest that the bill go through the legislative process. Again, we have no intention of delaying it. We will move the process forward in that context and we will do our best, of course, to get the information.

Senator Murray: I thank the honourable the Deputy Leader of the Opposition for his comments. The committee, of course, is the master of its own procedures and honourable senators are free to try to put what questions they wish to witnesses appearing on behalf of the government. We will leave it as the honourable senator suggests.

• (1540)

That being the case, I would ask the Speaker to put the motion for second reading on Bill C-14.

The Hon. the Acting Speaker: It is moved by the Honourable Senator Cogger, seconded by the Honourable Senator David, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Senator Frith: I thought we were being asked to adjourn the motion. We still want to make a speech on second reading and before the bill goes to committee. We must have misunderstood each other.

Senator Murray: We did. It is clear what Senator Frith is suggesting, and I have no objection. As we did with the previous item, we shall adjourn it, presumably until tomorrow.

Senator Frith: We will try to make our speeches tomorrow but if, for example, we adjourn tomorrow until Monday we may not be able to make our speeches; but we will not delay the matter. We will certainly make the speeches as soon as we can.

Senator Murray: In that case, I would ask Your Honour to stand the item and we will return to it tomorrow.

The Hon. the Acting Speaker: It is moved by Senator Frith, seconded by the Honourable Senator Petten, that further debate be adjourned until the next sitting of the Senate.

Senator Frith: I do not know if, under the new rules, I can do that. Under the new rules the government has to move the motion. Is that not the way it works?

Senator Murray: Yes.

Order stands.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY — ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Meighen, for an Address to His Excellency the Governor General in reply to his speech at the opening of the Third Session of the Thirty-fourth Parliament.—(7th day of resuming debate)

Hon. Royce Frith (Deputy Leader of the Opposition): This order does not stand in anyone's name either; is that correct?

Senator Murray: These are items of government business, honourable senators, the Speech from the Throne eminently so. They do not stand in anyone's name. I suspect, although I do not remember, that before the adjournment I adjourned this matter because my last recollection is of the Leader of the Opposition's speaking in this debate. We have two more debating days left and I would simply propose that we stand the item for the time being.

Senator Frith: I would like to put on the record that my colleague, Senator Graham, wants to speak to this. If he is not ready to speak to it this week he will be ready next week. He hopes that the two days will not be used up without his being able to intervene.

Senator Murray: We will protect his interests.

Order stands.

A BILL TO AMEND CERTAIN STATUTES OF CANADA TO RECOGNIZE THE WAR-TIME SERVICE OF THE VETERANS OF THE CANADIAN MERCHANT NAVY

SECOND READING—ORDER STANDS

On the Order:

Second reading of Bill S-5, An Act to amend certain statutes of Canada to recognize the war-time service of the veterans of the Canadian merchant navy.—(*Honourable Senator Marshall*)

Hon. Lowell Murray (Leader of the Government): I believe, honourable senators, we are expecting, sooner or later, a ruling from the Speaker on whether this bill requires a Royal Recommendation and is, therefore, out of order here.

Hon. Royce Frith (Deputy Leader of the Opposition): I remember that when this order came up before, I prepared some notes for an intervention on the point of order raised by the Leader of the Government as to the orderliness of this legislation. I will again go to my books, because I wish to make a speech on this before the ruling is made.

The Hon. the Acting Speaker: My understanding from the Table Officers is that the matter was raised but debate was not concluded on the point. I believe that is what Senator Frith is saying.

Senator Frith: I will try to complete my research, if I have not yet done so, and I will be prepared to make a speech within the next week or so.

Hon. Jack Marshall: Are we dealing with Item No. 1 under "Other Business"?

Senator Frith: Yes.

Senator Marshall: I was prepared to go ahead with the debate on second reading, but I thought it only a matter of courtesy to give an opportunity to someone on the other side to respond. I was going to ask that the order stand. I did not realize there was any objection to this. This is the second bill I have introduced; the other one expired at prorogation, so I introduced Bill S-5.

Senator Frith: Honourable senators, when this is called tomorrow, the Deputy Leader of the Government or the Speaker can give us a report on how it stands.

My recollection is that when the bill, in its original form, was introduced, Senator Murray made an objection saying that it was out of order because it was, to use the general term, "a money bill." I stated that I had some doubts as to whether it was a money bill or, at least, whether certain arguments could be made to the contrary. Then, as Senator Marshall said, the bill disappeared from the order paper. He then reinstated it without the point of order that Senator Murray had raised ever having been resolved.

It seems to me that, whether it technically stands in this position, substantially the position is that it probably carries forward, as a sort of barnacle on its back, the point of order raised by Senator Murray which has to be disposed of before we can go ahead. I suppose that technically Senator Murray could simply review his point of order, but it seems to me that the sensible way to proceed is to assume that his point of order was raised on this bill as it was on the other and, therefore, to some extent the ball would be in my court because I asked to intervene on that point of order.

Senator Marshall: Is that the case even though I introduced a new bill which is similar in nature but with a few changes?

Senator Frith: If the changes were intended to take into account the objections made by Senator Murray, then I think he might want to look at it again, because, in that case, the ball would be in Senator Murray's court to make sure that his

point of order raised on the original bill still applies to the bill in its different form. I was not aware there was a sufficient difference to raise that question.

Senator Marshall: As it stands, the second reading of Bill S-5 is in my name and I think I should be able to proceed with it. I believe I have the right to proceed with it today. It is a different bill.

Senator Frith: I withdraw from the whole matter. Under these circumstances, I do not consider the ball to be in my court. I think, perhaps, it is in Senator Murray's court.

Senator Murray: Honourable senators, on May 8, 1991 — and I would thank the Deputy Leader of the Government for giving me the page reference — at page 5656 of the *Debates of the Senate*, Senator Marshall, with leave of the Senate and not withstanding Rule 44(1)(*f*), moved that Bill S-21 be placed on the Orders of the Day for second reading at the next sitting of the Senate, and the Speaker said, "Is it your pleasure, honourable senators, to adopt the motion?"

Senator Frith: Is that this bill?

Senator Murray: That was Bill S-21.

Senator Marshall: This is Bill S-5.

Senator Murray: Bill S-21 was introduced on May 8. I am not aware of the history of Bill S-5. I thought it was the same bill.

The Hon. the Speaker *pro tempore*: Perhaps I could interrupt to inform Senator Murray that May 8 was during the old session. This is now a new session.

• (1550)

Senator Frith: Would it not be better for the Deputy Leader of the Government to find out exactly what the status is on that point of order? It is possible that Senator Murray will want to raise that same point of order. Certainly, if he does I will want to respond to it. If he does not, then Senator Marshall should proceed.

Senator Marshall: According to my notes I introduced Bill S-21 on May 18, 1990. It was challenged and it expired due to prorogation on May 13, 1991. I then introduced Bill S-5. That bill was slightly amended by legal counsel, in consultation with experts from the merchant seamen, and we introduced a new bill, S-5, which is the bill we are dealing with now. There was no objection on first reading and now it is coming up for second reading and again I rose in my place to stand the order so that an opportunity could be extended to others who wished to debate it. I think it is the right of all parliamentarians to debate the bill. I stood the order for that reason and perhaps His Honour the Speaker could rule on that point.

Senator Murray: Honourable senators, I will have to have the bill examined in light of the honourable senator's statement and in light of the honourable senator's assurance that legal counsel of the Senate have examined it and expressed an opinion upon it. I do not think I am precluded from raising a point of order when the bill is next called for second reading, and it will be my intention to do so, if necessary.

Senator Marshall: Of course, I have no objection to that but I want to introduce it.

Senator Frith: Would Senator Lynch-Staunton consider taking the adjournment on this matter in his name, since I believe Senator Doody usually did that as Deputy Leader of the Government?

Senator Lynch-Staunton: Certainly.

Senator Murray: So the matter stands until tomorrow.

Order stands.

VETERANS AFFAIRS

STRIKING OF CANADIAN VOLUNTEER KOREAN SERVICE MEDAL—REQUEST FOR GOVERNMENT TO ALLOW KOREAN VETERANS TO APPLY FOR WAR VETERANS' ALLOWANCE

Hon. Jack Marshall, pursuant to notice, moved:

That this Chamber commends the Government of Canada in fulfilling a commitment to the veterans of Canada through a petition signed by a majority of the members of the Senate and the House of Commons and further strengthened by the signature of the Prime Minister of Canada calling on the Government to recognize the sacrifices of the Canadian veterans who served in the Korean conflict by striking a Canadian Volunteer Korean Service Medal;

That this Chamber remind the Government of Canada that they have not as yet fulfilled another commitment made and signed by the Prime Minister of Canada on August 7, 1984, that assured that one of the priorities of the government would be to make Canadian veterans and/or their dependents living outside of Canada eligible to apply for War Veterans' Allowances if by reason of health, financial or other mitigating circumstances they are unable to return to Canada; and

That the government be asked to respond within thirty days.

He said: Honourable senators, motion No. 4 concludes by saying that the government be asked to respond to it within 30 days. Since many more than 30 days have elapsed, which is enough time for anyone to respond, I am wondering how I go about getting a response.

Senator Murray: My honourable friend came to Parliament in 1968, as I recall, and has been here ever since. He does not need me to enlighten him on how to obtain answers to questions.

The response that I would give is the same one that he has heard many times from many ministers. I will undertake to obtain a statement on this matter from my colleague, Mr. Merrithew, the Minister of Veterans Affairs, as soon as possible. I will certainly undertake to remind him of the delay that honourable Senator Marshall has sought to impose on this matter.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, September 18, 1991

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

Prayers.

IMMIGRATION

ERRONEOUS ISSUANCE OF CANADIAN PASSPORTS

Hon. Lorne M. Bonnell: Honourable senators, my statement is very brief and to the point.

I was upset and disappointed to read in the press that many criminals in Europe and elsewhere are able to enter Canada by means of Canadian passports issued by the Government of Canada. I think it is time that someone in that government department took a closer look at the issuance of those passports, because we do not want any criminals, including drug traders paying anywhere from $10,000 to $25,000 per passport, coming into Canada posing as Canadians.

I would ask that the government take notice of this, do something about it and report back as quickly as possible.

ADJOURNMENT

NOTICE OF MOTION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, depending on the progress of our deliberations today, it will be my intention, at the appropriate time, to ask that we revert to Government Notices of Motions in order that I may put a motion to adjourn until next Tuesday at 2 o'clock.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, yesterday, under the heading "Presentation of Petitions" I tabled a number of petitions. Formerly I had always given honourable senators the number of names on the petitions. I either misplaced the list yesterday or did not have it, but in any event here they are.

From Alberta there were three petitions with 66 names. There were four names from British Columbia that were on the lists of other provinces. There were 17 petitions from Manitoba with 377 names. There were 23 petitions from New Brunswick, including 6 on the Quebec lists, with 468 names. There was one name from Newfoundland on the Ontario list. There was one name from Nova Scotia on the Quebec list. From Ontario there were 60 petitions with 1,213 names, and from Quebec there were 158 petitions with 3,417 names, for a total of 260 petitions with 5,547 names from citizens of Canada protesting the G.S.T.

QUESTION PERIOD

AGRICULTURE

INTERNATIONAL GRAIN SUBSIDIES—REQUEST FOR UPDATE ON NEGOTIATIONS

Hon. H.A. Olson: Honourable senators, the Leader of the Government gave an undertaking yesterday that he would give us an update on the negotiations respecting farm subsidies which are going on intermittently in Brussels or Geneva. Will he do that now?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I did ask to have that reply in hand for today's Question Period. I must confess that I do not yet have it from my colleagues. It may arrive during the day and as soon as it does I will either rise here and read it into the record or send the reply to the honourable senator.

The honourable senator asked another question having to do with the inclusion of grain inspectors as essential services in terms of designating essential services under the Labour Code. I am informed that these positions would not meet the criteria presently set out in the Public Service Staff Relations Act for essential services. The criteria are safety, security and health. It is pointed out, of course, that the importance of grain inspectors and grain handlers is mainly economic and it would take a very substantial change in the spirit and the letter of that law to include grain handlers and grain inspectors as designated essential services.

GRAIN INSPECTORS AND HANDLERS—DESIGNATION AS ESSENTIAL SERVICES

Senator Olson: Honourable senators, I appreciate receiving that information. This is not the place to argue the point, but I should point out that these grain inspectors are, in fact, law enforcement officers. Their function is to ensure that, with respect to Canadian law, the grades of grain that are claimed are, in fact, up to the standards expected; so they do meet part of the criteria. It boils down to a matter of interpretation.

Could the Leader of the Government give us an undertaking to ensure that some action is initiated so that grain handlers can be brought under the same rules as meat inspectors and other food inspectors, because, although we can argue some of the fine points, there are a lot of similarities.

Senator Murray: Honourable senators, I appreciate the points made by the honourable senator and I will ensure that his representations are drawn to the attention of my colleague, the Minister of Labour.

AGRICULTURE

SUGAR BEET INDUSTRY—PROPOSED STUDY—REQUEST FOR DETAILS

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Government Leader in the Senate. It was drawn to my attention today that the government is contemplating, or perhaps has decided on, a study into the future of the sugar beet industry in Canada, a topic which, as honourable senators know, is very close to my heart and those of the farmers in the area that I represent.

Could the Government Leader in the Senate find out for me, on an urgent basis, if this is the case and what are the terms of reference and the tim frame afor this study? I certainly hope it would indeed be within the framework of the future of the industry and perhaps a national sugar policy, and not the demise of the industry, which came so close to happening a few years ago and was the subject of an emergency debate in this house. Happily, it resulted not in the demise of the industry but in a tripartite agreement that would extend over ten years. I would be interested if the Gopvernment Leader could gprovide me with some details.

Hon. Lowell Murray (Leader of the Government): I will be happy to do so, honourable senators.

• (1410)

AN ACT TO PROVIDE FOR THE APPOINTMENT OF A PORT WARDEN FOR THE HARBOUR OF QUEBEC AN ACT TO AMEND AND CONSOLIDATE THE ACTS RELATING TO THE OFFICE OF PORT WARDEN FOR THE HARBOUR OF MONTREAL

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator David, for the second reading of Bill C-14, An Act to amend An Act to provide for the appointment of a Port Warden for the Harbour of Quebec and An Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal, and to validate certain fees and charges established pursuant thereto.—(*Honourable Senator Davey*)

Hon. Lowell Murray (Leader of the Government): Honourable senators, at this time the government wishes to call Bill C-14 in the hope and expectation that honourable senators are prepared to proceed, as indicated yesterday.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as I mentioned yesterday, we wish to proceed with the debate on this bill. I spoke to Senator Davey today. He may very well be working on his intervention now, for all I know, but I told him about the status of this bill and that he was expected to speak on it. I believe that he will be ready either today, tomorrow, or early next week. He was certainly apprised of the fact and gave no indication that he would have any trouble being ready soon. Therefore, I suggest that the debate be adjourned, and I so move its adjournment now.

I realize that I was mistaken yesterday when I said that only the government could move adjournments of government bills. I do not think that is correct. Anyone can move the adjournment, but it does not stand in the name of the senator moving it because the government does not want control of the legislation to be in the hands of anyone other than the government.

Therefore, I will move the adjournment in Senator Davey's name, realizing that when it appears on the order paper next time, his name will not be there but the Leader of the Government or the Deputy Leader of the Government will call it when they want it called.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Would the Deputy Leader of the Opposition agree to postpone discussion of this item until later today, on the assumption that Senator Davey may be ready to debate it today?

Senator Frith: Certainly.

Order stands.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I now call Bill C-15, item two on the order paper.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the predecessor to Bill C-15 was the subject of debate in the last session and has been reinstated, having, I believe, lost its status after prorogation. At page 220 of *Debates of the Senate* for June 17, 1991, I drew the attention of honourable senators to a particular section of this bill dealing with official languages.

At that time I shared with honourable senators a letter that was addressed to me dated June 14, 1991, from the former Commissioner of Official Languages. I will read the relevant comments again so that they will appear in *Debates of the Senate* close to the present debate, so that reference back will not be required.

The letter begins as follows:

> As I prepare to relinquish my office, I wish to draw your attention to my concerns about Bill C-15 (formerly C-85) the Airport Transfer (Miscellaneous Matters) Act. Should this Bill be adopted as it now stands, it might constitute an unfortunate precedent for the implementation of official languages policy in this country.
>
> Section 4 of this bill makes the proposed designated airport authorities subject only to the provisions of Parts IV, VIII, IX and X of the Official Languages Act. The latter concern, respectively . . .

He then goes on to state:

> . . . communications with and services to the public, the responsibilities and duties of the Treasury Board in relation to the official languages of Canada, the Commissioner of Official Languages and the Court Remedy.

The general context of section 4 of the act is the privatization of airports and states as follows:

> 4.(1) Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date Parts IV, VIII, IX and X of the *Official Languages Act* apply, with such modifications as the circumstances require, to the authority in relation to the airport as if
>
> (a) the authority were a federal institution; and
>
> (b) the airport were an office or facility of that institution, other than its head or central office."

The Official Languages Act, during the administration of three successive commissioners of official languages, Keith Spicer, Max Yalden and D'Iberville Fortier applied, of course, to federal institutions. Those are the words in the act. Airports were considered federal institutions. There was a period when there was some controversy about that, but these Commissioners of Official Languages saw to it over the years, through their reports and correspondence with the various institutions, that the act applied to these federal institutions and applied to airports as "federal institutions".

The question then arose, what about concessionaires and people with whom these federal institutions had contracts? If we stopped with the section I just read, the regime that had been set up over a period of some 20 years would clearly apply to the institution, and if the whole regime were taken in and applied to the airports after they became privatized then the Official Languages Act would apply, and the transfer from government jurisdiction to private jurisdiction would not affect the application of the Official Languages Act.

● (1420)

We then come to the offensive section which is subclause (2). The marginal note is "Construction", and states:

> (2) Nothing in subsection 23(2) of the *Official Languages Act* shall, in relation to an airport transferred to a designated airport authority by the Minister, be construed or applied so as to impose a duty on any institution other than that authority.

In the last intervention I made I pointed out that when I was legal counsel to the first Commissioner of Official Languages a great deal of our time during the first seven years was devoted to ensuring that the provisions of the Official Languages Act did apply to concessionaires. Believe me, it was not simply a matter of saying, "It applies" and that was the end of it. There was a lot of correspondence on the matter. I could probably obtain from the office of the Commissioner very bulky files of correspondence which tried to establish that principle which was finally established.

To illustrate, what it amounts to is this: The Official Languages Act applies to federal institutions, and therefore, people are entitled to service in the official language of their choice from those institutions. We say, "Well, that's fine. If I go to the airport, which is a federal institution, then I will be able to receive service in French or English". Counters usually have signs which state words to the effect that, "We would be pleased to serve you in the language of your choice."

Senator Simard: That will continue.

Senator Frith: That will continue, quite right.

Then, the question came up, "Supposing I go to a Hertz, Tilden, Avis or Budget counter at the airport; are they entitled to say, 'Oh, you can't get service in French or English here. We are not a federal institution, we are just a concessionaire, a private company. I run a car rental agency, I don't run a federal institution. If you want service in French, I am sorry, you will have to go somewhere else. You can't have it, or at least I am not required to give it to you'?"

What we spent 20 years trying to establish was, namely, that they do have to give such service. However, if this section is left in, it makes it clear, in my opinion, that Hertz, Tilden and Avis, the cafeterias and all the services that are not actually manned by public servants can thumb their noses at the Official Languages Act because only part of the regime has been taken over and applied to these airports run by private enterprise. That is why I believe the previous Commissioners of Official Languages, Mr. Spicer and Mr. Yalden, would be opposed to this section. We know that Mr. Fortier is opposed to it.

It seems to me that anyone who says, "Oh well, don't worry, it will be the same," I take it will support my amendment. My amendment would simply remove that offensive section.

In fact, what Mr. Fortier said was:

> To begin with, I am wondering what will be the scope of Section 4 of this Bill with respect, not to the aeronautical sector itself—

I suppose my 15 minutes is about to run out. The Clerk at the table indicates that I have two minutes remaining under the new rules.

I guess all I can do in 2 minutes is to say—

An Hon. Senator: It is not important.

Senator Frith: I know a lot of you are bored by this whole point, which is a bit esoteric, and you probably do not care whether French or English is available from concessionaires in

airports. I know that a few of you do care, and that there may be some of you who do not care. However, I am lucky in this debate, but I warn senators that some others of you will not be as lucky. I am lucky because I happen to have previoulsy made a speech on this subject. I can say that if by any chance you are interested in the fate of the official languages as it applies to concessionaires in airports, you can read the rest of the speech, which can be found at pages 221 and 222 of the *Debates of the Senate* of June 17, 1991. There you will find and be able to read the rest of what D'Iberville Fortier had to say about this section and why it should be repealed. If I had not made the earlier speech, then under the new rules I would be cut off in the middle of reading the Commissioners letter and be unable to continue with any other comments.

I will be voting against this bill in its present form for that reason. Although we are only dealing with the principle of the bill, embodied in this offensive section is a very important principle, important enough that I cannot support the bill unless it is corrected. I will be proposing an amendment in the committee, if the bill goes to committee.

Did I make it in time?

The Hon. the Speaker *pro tempore:* Honourable senators, if Senator Grimard speaks now, his speech will have the effect of closing the debate on second reading.

[*Translation*]

Hon. Normand Grimard: Honourable senators, I listened carefully to Senator Frith. I must point out that we had also received the very letter he referred to in his presentation.

However, at this point, honourable senators, I believe it is my duty to raise a point of order regarding the proposed amendment.

We are presently discussing the principle of the bill, and if we refer to the new Rule 76 of the Senate, which is the same in essence as the old one, we read that:

[*English*]

> "The principle of a bill is usually debated on second reading."

[*Translation*]

When I became a senator, we were given a copy of the Rules of the Senate which I have seen brandished on many occasions. The fact remains that the forms and proceedings contained in this book still apply today. On page 63 of the appendix entitled *Forms and Proceedings*, you can read the following:

> "Upon an order for second reading of a bill being called, the sponsoring senator moves second reading and explains the bill. The principle of the bill is then usually debated."

And this is important:

> "The types of amendment that may be moved to a bill on second reading are enumerated in *Bourinot, Fifth Edition*, pp. 509 to 511.
>
> The practice generally followed is to refer a bill to a select committee after second reading [. . .]."

So, I raise this point of order. First of all, I would invite the Speaker to check what was written by Bourinot, on pages 509 and 511 of the fifth edition of his book.

I would also refer the Speaker to *Beauchesne, Fifth Edition*, pages 225 and following.

The thrust of this jurisprudence is that, at this stage, namely the second reading of a bill, the amendment as proposed by the honourable senator Frith, is out of order and inadmissible pursuant to our parliamentary rules.

● (1430)

That means that at this stage, I raise this point of order under the new rules and I understand that the Speaker *pro tempore* will make a ruling.

Depending on your decision, Mr. Speaker, I will—

Senator Frith: Honourable senators, I said that I had no intention of proposing an amendment at this stage of second reading.

I intend to move an amendment in committee and finally on third reading, but not on second reading. That is very clear.

I apologize. Perhaps it is because I spoke to you in English only, but I can assure you in French that I have no intention of proposing an amendment on second reading.

Senator Grimard: If you do not intend to move an amendment, of course I take back what I said. I will answer your arguments immediately and as quickly as possible.

I want to tell you that at this stage, there are objections to Bill C-15 because it does not talk about the application of parts 5, 6 and 7 of the Official Languages Act.

Section 5 deals with language of work. Section 6 says that organizations must encourage English and French Canadians to work in their own language, while section 7 says that the organization must promote French and English.

Bill C-15 does not include Part 4 of the Official Languages Act because there is no privatization or sale, but only a rental that will allow local airport authorities to administer airports. The transfer is not to an individual or a private or public company but to a profit-making corporation. That is important.

These organizations are made up of local representatives and the government insists that in all cases, the cities, municipalities and chambers of commerce be represented. So for example, the Montreal airport authority includes representatives of Montreal, Laval, the Montreal Urban Community, the Chamber of Commerce, the Board of Trade and the South Shore.

These six or seven organizations each name three representatives who administer the authority that will run the Montreal and Dorval airports.

Representatives of these companies appeared before the House of Commons Transportation Committee. Representatives from Vancouver, Calgary, Edmonton and Montreal told us that they did not want to have to apply the language of work provisions because, especially in the case of Montreal, it

would cause them problems in competing with their rivals, the airports in Boston, New York and Toronto.

The language of work issue must not be exaggerated. It applies in only some places, according to the Official Languages Act: namely, in Montreal and New Brunswick.

Honourable senators, I know that when Air Canada was privatized, the House of Commons and the Senate passed a bill providing that Air Canada would comply fully with all provisions and parts of the *Official Languages Act*.

There is a big difference between Air Canada and local airport authorities. When Air Canada was privatized, the government still owned 57 per cent of the shares. It had a controlling interest.

Air Canada is a national entity which had and still has offices across the country, but today we are dealing with a number of local authorities—in four locations right now, but there are other communities that are interested, and I am thinking of Moncton, Kamloops, and so forth.

Very briefly—and I am getting to the end of my speech—at this stage, considering that the agencies are obliged to implement fully the principle of language of service, and considering that in the lease the government will sign, there will be a clause to the effect that concessionnaires must comply with the provisions for language of work and language of service, there is obviously no problem.

Senator Frith knows as well as I do that although a bill may be only four pages long, the regulations may cover 50 pages. Before the bill was tabled the Department of Transport prepared a draft of the lease to be signed by each local airport authority. The lease contains a specific clause to the effect that concessionnaires will have to comply fully with the provisions of section 4 of the bill. As a result, Senator Frith's reservations do not seem justified in the circumstances, since as he well knows, the regulations arising from a bill are often more lengthy than the bill itself.

For all these reasons, I do not believe that the reservations voiced by the Deputy Leader of the Opposition are justified. I therefore recommend that the bill be referred to the Standing Senate Committee on Transport and Communications, for consideration.

Hon. Jean-Maurice Simard: Would Senator Grimard entertain a question?

Senator Grimard: Of course, senator.

Senator Sinard: Senator Grimard, am I to understand that with the exception of Montreal and New Brunswick, the *Official Languages Act* was not enforced or applied in Canada?

Senator Grimard: I said, Senator, that the only two locations—and I am only talking about airports—where the language of service is compulsory are Montreal and New Brunswick.

Of course there are other locations. I am merely talking about the locations where this legislation will apply. In New Brunswick we have Fredericton and Moncton. In Montreal we have Dorval and Mirabel.

Those are the two locations where, according to the Act, the language of service provisions are compulsory. A distinction must be made between the obligations of the federal government and the obligations of a private corporation, and that is why I make that distinction.

At the present time, language of service is compulsory in two regions: Montreal and New Brunswick. If a group wishes to operate an airport in Montreal or New Brunswick, it must comply with the provisions for language of service, in this case French and English.

Senator Simard: Thank you, Senator.

I know I am not supposed to prolong the debate without good reason . . .

Hon. Lowell Murray (Leader of the Government in the Senate): Senator, the debate is concluded.

Senator Simard: Thank you, senator. We will meet again in committee. We will also need the text of the amendment, which I hope will be tabled before we are asked to vote on this bill, because I take this matter very seriously.

Senator Frith: The amendment will be considered in committee and on third reading.

Motion agreed to, on division, and bill read the second time.

REFERRED TO COMMITTEE

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

Hon. Normand Grimard: Honourable senators, I move that Bill C-15 be referred to the Standing Senate Committee on Transport and Communications.

• (1440)

[*English*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, speaking to the motion, I hope that the sponsor of the bill will support my suggestion—and I am sure Senator Simard will—that the committee call Mr. Fortier and other legal advisors so that we may have the benefit of legal advice. We can then discuss the politics and the policy and not have to argue the legal points.

"Mr. Justice Forrestall" had an interesting and relevant intervention for us on this point, I believe.

Motion agreed to, and bill referred to the Standing Senate Committee on Transport and Communications.

AN ACT TO PROVIDE FOR THE APPOINTMENT OF A PORT WARDEN FOR THE HARBOUR OF QUEBEC AN ACT TO AMEND AND CONSOLIDATE THE ACTS RELATING TO THE OFFICE OF PORT WARDEN FOR THE HARBOUR OF MONTREAL

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I notice that Senator Davey has

returned to the Chamber; so we would like to revert to Item No. 1 on the order paper which deals with Bill C-14.

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

Hon. Senators: Agreed.

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cogger, seconded by the Honourable Senator David, for the second reading of Bill C-14, An Act to amend An Act to provide for the appointment of a Port Warden for the Harbour of Quebec and An Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal, and to validate certain fees and charges established pursuant thereto.

Hon. Keith Davey: Honourable senators, I am about to confirm a fact that many of you have known for a number of years, namely, that I am not a brilliant parliamentarian. In fact, I am not brilliant in anything very much right now; I am merely a very confused parliamentarian because I have already put a series of questions before colleagues concerning Bill C-14.

The last time this bill was discussed we were dealing with Senator Cogger, who made a reasonable speech, I thought; and prior to that we had to deal with Senator MacDonald. In each case, we asked a series of questions. I have the questions before me from the *Debates of the Senate* of June 11. The questions were put to Senator MacDonald and absolutely nothing happened. We waited a number of weeks for a response.

I hold Senator MacDonald in the highest regard. As a matter of fact, yesterday he was reappointed chairman of the Standing Senate Committee on Transport and Communications, and I am delighted with that. I congratulate him. I know he is away on some business and that he will be here presently.

As I have said, I thought that Senator Cogger made a very reasonable speech. I asked these questions but have been unable to get an answer. I put the questions to the committee, but the committee just ceased to function. The questions were then put to Senator Cogger, and that is where the matter was left over the summer.

To whom might I put my questions at this time? Perhaps Senator Murray or someone else can tell me how I can get answers to these questions. The answers to the questions relate directly to this particular piece of legislations. The questions, it seems to me, are perfectly logical, but we cannot obtain answers.

If senators so require, I will again read the questions into the record; but I would prefer not to take the time to do that. I would simply refer them to page 125 of the *Debates of the Senate* of June 11. The questions relate to the Montreal Ports Corporation, and the bill relates to the harbour of Montreal. It seems to me that there is an obvious connection. I believe they are legitimate questions; so why can we not have the answers? When can we have the answers? What do we have to do to get the answers? I wonder if someone opposite can give me some response. I now ask Senator Murray: Why can we not have answers to those questions?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will try, as always, to be helpful.

My honourble friend describes himself as not being a brilliant parliamentarian. I am no judge of brilliance but I know him to be a very experienced and devoted parliamentarian.

With regard to his questions, let me say the following: First, he put the questions into the record during the second reading debate on this bill. The second reading debate is a debate on the principle of the bill; it is not, normally, the place where detailed questions, either on the bill or on any other matter, are dealt with.

Hon. Royce Frith (Deputy Leader of the Opposition): Except where there exists such unprincipled activity that we have to ask questions about it.

Senator Murray: Secondly, I must say that, while my friend contends that these questions are related to this bill, I would contend otherwise. This is a very simple bill—

Senator Frith: The famous last words.

Senator Murray: —having to do with the organization of the ports of Quebec and Montreal. Those questions, in some cases, relate not just to contractual arrangements between the port authorities and various private companies but they seek information relating to the Government of Canada as a whole and various private companies.

Again, a discussion of Bill C-14, either on second reading or even in committee, is hardly the place to seek or obtain answers to those questions. The normal course for any honourable senator seeking detailed information of that kind would be to put those questions on the order paper, and they would appear in our *Minutes of the Proceedings of the Senate* as written questions; and the government is, in due course, called upon to provide answers to the questions.

• (1450)

Senator Frith: And they stay there for years and years.

Senator Murray: Well, my honourable friend says they stay there for years and years. The record, for the past six years or so at any rate, suggests otherwise.

Senator Frith: Ask your clleage Senator Marshall about that.

Senator Murray: Having said that, my honourable friend is free to try his luck again in committee, assuming that this bill receives second reading in the Senate and is referred to committee. He can try to obtain those answers from a witness who is brought to the committee on behalf of the government to speak to this bill. If he does not succeed there, he can, as I have suggested, put the questions on the order paper and, as I said yesterday, we will see what we can do.

Permit me now to say a few words about the problems that are posed by these questions. First, not all of this, by any means, is what could be construed as government information. Some of this information is the property of private individuals

and companies. To the extent that much or most of it is in the hands of the Montreal Ports Corporation, that corporation would have to consider, in preparing replies to these questions, issues such as whether the information would be confidential from the perspective of a third party or whether disclosure could result in financial loss to a third party, prejudice a competitive position of a third party, or interfere with negotiations a third party may be conducting.

In brief, the practice that the government follows in dealing with questions of these kinds is to be guided by the standards set out in two statutes: the Access to Information Act and the Privacy Act. I would remind my honourable friend that a company or third party which provides the government with confidential commercial information is given certain assurances, in section 20 of the Access to Information Act, that the government shall refuse to disclose confidential commercial information provided by a company. For example, if the details in any of these contracts that are referred to in the honourable senator's question have been kept confidential, their disclosure could prejudice the company's ability to negotiate other contracts in the future.

There are quite a number of those questions in respect of which, before providing answers, I think the Montreal Ports Corporation would have to consult third parties who are mentioned in the question. There are other questions relating to the policy of the Montreal Ports Corporation which are easily discloseable and can be disclosed; but, as I say, for anything which goes beyond the corporation, the third party aspect would have to be given serious consideration.

As I indicated, the other type of information which might be contained in answers to those questions is personal information which would be protected under the Privacy Act. Again, if we are to use the Access to Information Act and the Privacy Act as a standard for deciding what is discloseable and what is not, we would have to examine some of these questions very seriously in that light. Some of the answers may contain personal information about directors of the corporation and we would have to exercise caution in that context.

Honourable senators, these are complex matters. Second reading debate is not the place to deal with the questions. The honourable senator can try his luck at the committee stage. Otherwise he can put the questions on the order paper, as I have suggested. In either case, I wanted to caution him that we would want to examine the questions very carefully in light of the considerations I have mentioned.

Therefore, I would ask that today we try to close the debate on second reading and send the bill to committee. That would be done without prejudice to anyone's right, especially including my honourable friend.

Senator Davey: Honourable senators, if I might say just a word—

Senator Frith: Provided Finlay closes the debate.

Senator Davey: I was about to mention that. I was about to say that Senator Murray is a brilliant parliamentarian and that his answer was a very capable one. Obviously we will bring these questions to committee and, I guess, if the time comes, we will eventually put them on the order paper. The explanation of the Government Leader was interesting and worthwhile and I will study it when I read today's *Debates of the Senate*.

However, I do not understand the fear over there about giving us an answer. These questions have been around for nine or ten months and now finally the Government Leader comes forward with a formula saying that if we put them to the committee there will be this kind of analysis, and so on. If that is what it will take, let us do it, and if it has to go to the order paper, let us put it there. We think there are a series of questions which are particularly relevant, but I am quite prepared now to have the matter sent to committee. I would assume that Senator MacDonald would take it to committee, so that is fine.

Senator Murray: If it is agreeable to the Senate, I would suggest that Your Honour put the motion for second reading of the bill.

The Hon. the Speaker *pro tempore:* Honourable senators, it was moved by the honourable Senator Cogger, seconded by the honourable Senator David, that this bill be read the second time.

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

Senator Frith: I would like to hear from Senator Cogger and, of course, because of what Senator Davey in particular has said, it is reasonable to expect Senator MacDonald to intervene in the debate and comment on these questions and their disposition in committee. Surely we could adjourn the matter until next week until one of them is here to speak and close the debate.

Some Hon. Senators: No.

Senator Frith: No. That is what I expected. It cannot stand over until Tuesday. We cannot hear from the sponsor of the bill in response to the intervention made by Senator Davey, or from the chairman of the committee to which it is proposed it be sent, in view of Senator Davey's intervention. It is the usual, right? The usual two words: nyet, no.

Senator Murray: That's one word.

Senator Frith: "No" and "nyet" are two words.

Senator Murray: Honourable senators, I thought I had spoken rather fully on behalf of the government, whose bill this is, in response to the intervention of Senator Davey. I have suggested that he may wish to try his luck at the committee with the witnesses that come before the committee. If that does not work, he can still put the questions on the order paper and we will do what we can, subject to the considerations I have enumerated.

• (1500)

I do not think that anything can be added. Senator Cogger will not be with us for another month or so. Senator MacDonald is in Italy at the moment on a parliamentary trip, and

when he returns he will preside over the committee. The first item of business will be to examine Bill C-14 and Bill C-15. So I would hope that honourable senators would agree to allow the bill to go to committee today so that we can dispose of this item on our order paper.

Senator Frith: That assumes that nothing will occur in committee that will be influenced by the comments or reactions of Senator Cogger or Senator MacDonald. In other words, it suggests that their intervention would be irrelevant to the next stage of the bill, whereas it might be quite relevant. We might want to ask some questions. However, we would not want to inconvenience those two senators. It is inconvenient for Senator Cogger to be in the Senate to deal with legislation; it is inconvenient for Senator MacDonald to be in the Senate to deal with government legislation. Therefore, the government will say, "I am sorry. What you want is not what counts. What happens, what works and what is important is the convenience of our senators on our side and what we think should be happening." You are right.

Hon. Jean-Maurice Simard: Do not draw any conclusions.

The Hon. the Speaker *pro tempore:* Honourable senators, I will repeat what I said. It was moved by the Honourable Senator Cogger, seconded by the Honourable Senator David, that this bill be read a second time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

Senator Frith: No it is not. On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Hon. Lowell Murray (Leader of the Government): Honourable senators, I move, seconded by Honourable Senator Lynch-Staunton, that the bill be referred to the Standing Senate Committee on Transport and Communications.

The Hon. the Speaker *pro tempore:* It was moved by the Honourable Senator Murray, seconded by the Honourable Senator Lynch-Staunton, that the bill be referred to the Standing Senate Committee on Transport and Communication. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: Honourable senators, in view of the debate and a number of things said by the Leader of the Government, I hope that we will have support in the committee for witnesses who will be able to furnish the information or refuse to do so. But at least they will be able to go on the record as refusing to provide the information, either because they just do not want to or for reasons that were suggested as possible good reasons by Senator Murray, namely that the information is either not at their disposal or for some reason they cannot disclose it because there are some statutory regulatory provisions, policies or other reason not to do so.

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Murray, seconded by the Honourable Senator Lynch-Staunton, that the bill be referred to the Standing Senate Committee on Transport and Communications. Is it your pleasur to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Motion agreed to on division, and bill referred to Standing Senate Committee on Transport and Communications.

[*Translation*]

ADJOURNMENT

Leave being granted to reverse to notices of motion :

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, September 24, 1991, at two o'clock in the afternoon.

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

Some Hon. Senators: Agreed.

Motion agreed to.

[*English*]

A BILL TO AMEND CERTAIN STATUTES OF CANADA TO RECOGNIZE THE WAR-TIME SERVICE OF THE VETERANS OF THE CANADIAN MERCHANT NAVY

SECOND READING—ORDER STANDS

On the Order:

> Second reading of Bill S-5, An Act to amend certain statutes of Canada to recognize the war-time service of the veterans of the Canadian merchant navy—(*Honourable Senator Marshall*)

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, because Senator Marshall is not here I will not elaborate on this particular item, but he has been advised, and I will advise him again, that we will raise a point of order on this particular item to suggest that it is irregular and should not be proceeded with.

Hon. Royce Frith (Deputy Leader of the Opposition): You had better say that you are raising it now, not that you will later.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I will raise it now as long as I do not have to explain it. Therefore, I raise the point of order. I would rather that Senator Marshall were here before elaborating on it, however.

Order stands.

The Senate adjourned until Tuesday, September 24, 1991, at 2 p.m.

THE SENATE

Tuesday, September 24, 1991

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

Prayers.

DISTINGUISHED VISITORS IN GALLERY

RELIGIOUS DELEGATION

The Hon. the Speaker *pro tempore:* Honourable senators, I would like to signal the presence in the gallery today of his Excellency, Monsignor Carlo Curis, Apostolic Pro-Nuncio in Canada, who is visiting our chamber for the first time since his arrival in our country.

Hon. Senators: Hear, hear!

The Hon. the Speaker *pro tempore:* Accompanying him are the Right Reverend Aurele Plourde, former Archbishop of the Diocese of Ottawa and also Monsignor Jacques Landriault, Bishop of the Diocese of Timmins.

Hon. Senators: Hear, hear!

CHAIRMAN OF REGIONAL MUNICIPALITY OF SUDBURY

The Hon. the Speaker *pro tempore:* Also visiting is Mr. Thomas Davies, Chairman of the Regional Municipality of Sudbury.

Hon. Senators: Hear, hear!

PRESIDENT OF RICHELIEU CLUB INTERNATIONAL

The Hon. the Speaker *pro tempore:* Visiting as well is Mr. Rene Pitre, President of the Richelieu Club International.

Hon. Senators: Hear, hear!

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have four similar notices of motion for pre-study certain of legislation.

INSURANCE COMPANIES BILL

NOTICE OF MOTION TO PRESTUDY BILL C-28

Hon. John Lynch-Staunton (Deputy Leader of the Government): I give notice that tomorrow, Wednesday, the 25th of September, 1991, I will move that the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-28, an act respecting insurance companies and fraternal benefit societies, in advance of the said bill coming before the Senate or any matter relating thereto.

COOPERATIVE CREDIT ASSOCIATION BILL

NOTICE OF MOTION TO PRESTUDY BILL C-34

Hon. John Lynch-Staunton (Deputy Leader of the Government): I give notice that tomorrow, Wednesday, the 25th of September, 1991, I will move that the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-34, an act to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters, in advance of the said bill coming before the Senate or any matter relating thereto.

TRUST AND LOAN COMPANIES BILL

NOTICE OF MOTION TO PRESTUDY BILL C-4

Hon. John Lynch-Staunton (Deputy Leader of the Government): I give notice that tomorrow, Wednesday, the 25th of September, 1991, I will move that the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-4, an act to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters, in advance of the said bill coming before the Senate or any matter relating thereto.

BANK BILL

NOTICE OF MOTION TO PRESTUDY BILL C-19

Hon. John Lynch-Staunton (Deputy Leader of the Government): Finally, honourable senators, I give notice that tomorrow, Wednesday, the 25th of September, 1991, I will move that the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-19, an act respecting banks and banking, in advance of the said bill coming before the Senate or any matter relating thereto.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): I would suggest to our friends opposite that when we debate these motions we debate them together since the four bills are related to each other and we understand that when they go to committee they will be treated as one package.

Senator Frith: No comment, except a boo and a hiss at this moment.

Senator Murray: Let the record show "Boo" and "Hiss".

Senator Frith: It is a nefarious process. Let the record show that, too.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present a petition signed by 25 young men and women from Kamloops, B.C., who deplore that the GST credit is not available to young Canadians less than 19 years of age who do not live with their parents but do pay taxes.

They pray that the Senate ask the government to correct that inequity.

Honourable senators, I have the honour to present other petitions signed by 230 men and women from Ontario who oppose the goods and services tax.

Those petitions come mainly from Peterborough, Penetanguishene, Hamilton, Cambridge and North Bay.

[*English*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have some petitions to present. The heading on each one of them is: "Petition to the Honourable Senate of Canada". It goes on to state:

> We refuse the dictatorship of the GST.
>
> The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your Honourable Senate will therefor provide a remedy—

I wish that assurance were well founded. It goes on to state:

> Whereas the new universal 7 percent Goods and Services Tax adopted by the Conservative government will create serious, unjust and inhuman difficulties to Canadians; whereas the implementation of this tax will constitute an unprecedented assault on the income of Canadians, not only by forcing them to pay higher taxes, but also by confronting them with a rise in inflation, interest rates and unemployment; whereas the methods used by the Government are unworthy of a democratic country. They are rather the work of law- makers who want to implement a dictatorship, snapping their fingers at the general opposition of the population.

It goes on to state "wherefore the undersigned humbly pray . . . ." and so on.

In today's batch we have petitions from, in Quebec: L'Assumption, L'Epiphane, Montreal, St. Leon, and Sullivan Mines; and, from Ontario: Don Mills, Downsview, North York and Toronto. The summary for numbers, honourable senators, is: From Ontario: Number of petitions 7; number of names 163. From Quebec: Number of petitions five, number of names 105, for a total of 12 petitions for today—that is, a total of 268 names.

QUESTION PERIOD

JUSTICE

JURISTICTION FOR PAYMENT OF LEGAL AID FEES— GOVERNMENT POLICY

Hon. M. Lorne Bonnell: Honourable senators, can the Leader of the Government advise me whether the Attorney General of Canada is prepared to pay the legal fees of two individuals who allegedly brought $20 million worth of marijuana into the province of Prince Edward Island. They are now before the courts with no Legal Aid, no support and no legal advisors.

This matter falls under federal jurisdiction. I think the judge in the lower court threw the case out of court, so that there is a possibility that these persons might get off scot-free.

• (1410)

Senator Frith: You mean they are charged, not that they did it?

Senator Bonnell: They did it and they were charged. At least, they are alleged to have done it.

Senator Frith: That's better.

Senator Bonnell: It is alleged that they were caught doing it.

Senator Frith: If I were acting for them, I would be glad that you were not on the jury.

Senator Bonnell: I think if I were on the jury I would convict them, but I am not on the jury.

What I want the Leader of the Government in the Senate to do is to ensure that these people are given legal advice and defended in the court so that at least they will have a fair trial.

Senator Frith: Before you convict them?

Senator Bonnell: Before I convict them.

Senator Barootes: You have condemned them; how can they now have a fair trial?

Senator Bonnell: That is why I want a lawyer to speak for them, and I want the federal government to pay for the lawyer.

Would the Leader of the Government in the Senate advise me if the federal government is prepared to pay for legal aid for these two alleged criminals?

Hon. Lowell Murray (Leader of the Government): Honourable senators, if the matter is before the courts neither I nor my honourable friend should be making any comment about it in this place. The rules forbid us to do so.

Senator Frith: That is only as to the merits of the case, not as to its defence.

Senator Murray: Second, with regard to legal aid I would have to look into the specific matter, but my impression is that the federal government shares with the provinces, including the province of Prince Edward Island, the cost of providing legal aid to those who find themselves in need and before the criminal courts.

Sentor Bonnell: Honourable senators, I wonder if the Leader of the Government could look into this matter a little further and find out if the federal government put a freeze on the funds available to the provinces to pay for legal aid? Consequently, since this could become a very long proceeding costing thousands of dollars, the province of Prince Edward Island has refused to pay for legal aid, because this matter falls under federal jurisdiction.

Will the federal government ensure that these individuals do have a lawyer to defend them and give them an opportunity to be heard before the courts?

Senator Murray: Honourable senators, I will look into the matter. That is the short answer to the question.

Legal aid is not within the federal jurisdiction, as the honourable senator states. I believe we have agreements with the provinces to help fund legal aid programs in those provinces.

FOREIGN AFFAIRS

SRI LANKA—POSSIBLE IMPEACHMENT OF PRESIDENT—HUMAN RIGHTS ABUSES—EFFECTS OF CIVIL WAR—ECONOMIC AID AND DEVELOPMENT—CANADIAN ROLE

Hon. Lorna Marsden: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate on a matter that I have raised before but on which I have never received a full response.

Today, the Parliament of Sri Lanka is dealing with a motion to impeach the president of Sri Lanka. I do not know what the outcome of that debate will be, but it raises again the ongoing problems of the civil war that is affecting the people of that country.

As everyone knows, there are a great many people in our country—and particularly in the city where I live—of Sri Lankan origin who might be affected by the outcome of this matter. I wonder if the Leader of the Government in the Senate could tell us if he knows what was the outcome of the debate?

Secondly, could the government leader tell us what approach his government is taking towards the civil war in that country and what role Canada could play in relieving human rights abuses and providing economic development and aid to a country that is in dire straits?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I regret that I am not in a position today to discuss those matters in any detail. I shall have to ask for a report from my colleague, the Secretary of State for External Affairs.

AGRICULTURE

SPECIAL PAYMENTS TO PRODUCERS OF GRAINS AND OIL-SEEDS—GOVERNMENT'S POSITION

Hon. Joyce Fairbairn: Honourable senators, I wonder if the Leader of the Government in the Senate could give us any indication of the government's intention on the provision of special payments to our grains and oil-seeds producers in this country—and particularly in western Canada—who are in a state of utter desperation. I ask this question on a day on which we are considering, in particular, a new process on the Constitution in an effort to keep Canada together as a united and sovereign nation. In many countries of the world the ability to produce and to protect the food supply of the citizens of that country is considered to be an integral part of a nation's sovereignty.

There is no mention of anything along this line in economic proposals linked to the constitutional discussion. Thus, I am asking the Leader of the Government in the Senate whether or not the government will come forward this fall with some assistance to a sector of our economy that represents part of our sovereignty and which is not only diminished but is in many respects disappearing in the Prairie region of this country.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, any further announcements of government policy or programs would have to be made by the responsible ministers, Mr. McKnight and Mr. Mayer.

All I can say is that, as the honourable senator knows, some $2 billion in assistance will be going out to farmers over the next year through various federal-provincial programs, including GRIP, the Gross Revenue Insurance Plan, and NISA, the Net Income Stabilization Account. In order to assist farmers in making the transition to these new programs payments are being made under the Farm Support and Adjustment Measures Program which was announced in the spring. More than $500 million of the $600 million in this program will be paid out by the end of this year.

Although the honourable senator did not ask a question about this, needless to say we are also working hard and, as I think is generally acknowledged, showing leadership in the GATT and under other international fora with a view to reaching an agreement that would lead to fairer market returns for Canadian grain producers.

GOVERNMENT SUPPORT PROGRAMS—NEED FOR INTERIM MEASURE

Hon. Joyce Fairbairn: I appreciate the comments of the Leader of the Government in the Senate.

When the new support programs GRIP and NISA were going through we noted, in our discussions with ministers in the Standing Senate Committee on Agriculture and Forestry, that these measures would not take effect at a time when it was predicted that the western farmer would need a considerable amount of support to stay in business. At that time it was acknowledged, by government members who appeared before

our committee, that a response, in terms of a so-called third line of defence, would be needed—that is to say, an interim measure was needed rather than the longer term efforts at the GATT or payouts from the new programs in the legislation that was passed earlier this year. It is that interim line of defence for which western farmers are now absolutely desperate.

Hon. Lowell Murray (Leader of the Government): I appreciate the point made by the honourable senator. In fact, "third line" committees are now looking at the real impact on people and communities of the continuing downturn in income derived from the production of grains. We hope to receive from these committees the type of recommendations upon which we can act responsibly.

Senator Fairbairn: Would the honourable Leader of the Government in the Senate be anticipating any such announcement within the next three or four weeks?

Senator Murray: Honourable senators, I simply cannot say.

Hon. H. A. Olson: Honourable senators, I have a supplementary question. The Leader of the Government mentioned that Canada was taking the lead—I think that is the term he used—in the discussions at GATT. I have asked on several occasions where those discussions are heading. Since he believes that Canada is taking the lead in these matters, perhaps he could tell us what has happened, or bring us an update. There have been no reports out of Brussels or Geneva, or wherever the meetings are being held. On September 18 the Leader of the Government gave a further undertaking that he would give us an update on the matter.

Senator Murray: Honourable senators, a reply to my honourable friend's question will be brought in later today by the Deputy Leader of the Government under Delayed Answers.

• (1420)

SCIENCE AND TECHNOLOGY

FEDERAL SUPPORT FOR TRIUMF-KAON PROJECT—EXPRESSION OF APPRECIATION

Hon. Jack Austin: Honourable senators having questioned the government leader sharply in the past concerning the decision, which was pending, of whether to fund a KAON particle facility in British Columbia, I rise simply to express my personal thanks and that of many in British Columbia for the support of the federal government in this project.

Hon. Lowell Murray (Leader of the Government): I thank the honourable senator, and I shall convey to my colleagues his congratulations and the expression of his satisfaction over this development.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have delayed answers to 13 questions. I would ask that these answers be printed as part of today's proceedings.

IMMIGRATION

PHANTOM OF THE OPERA—FAST-TRACKING FOR LEADING ACTOR

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on June 11, 1991 by the Honourable Royce Frith regarding the Fast-Tracking Process—Application of Mr. Peter Karri for Canadian Citizenship.

Hon. Royce Frith (Deputy Leader of the Opposition): Can I hear the answer to that one?

Senator Lynch-Staunton: It reads as follows:

> Visa officials have the authority to determine if an application for immigration to Canada merits processing on a priority basis. There may be any number of humanitarian or national interest reasons why expedited processing of an application might be warranted. For example, if there is an urgent labour market need to be met and it is in the interest of workers or businesses in Canada to have an applicant processed expeditiously, visa officials attempt to respond.
>
> In the case at hand, Canadian visa officials determined that Mr. Karri's presence in Canada was important to ensure the continued success of the production. The visa officials responded to this legitimate economic need by processing his case on a priority basis.
>
> Visa and immigration officials also respond to other urgent situations with equal speed, for example in humanitarian cases. One rarely hears about such cases. In recent times, many Central Americans have been issued Minister's permits to allow them early entry into Canada because of dangerous conditions in their home country. The most recent case was an applicant from Guatemala who arrived in Canada with a Minister's permit only three days after visa officials became aware of his situation.
>
> Mr. Karri's application was processed in Detroit. Any immigration applicant is free to submit his or her application at any Canadian visa office abroad. Such an application need not be submitted in his or her home country; however, the applicant is required to meet all of the legislative requirements, namely health and security checks, before an immigrant visa can be issued.

Senator Frith: That is an interesting analogy about the applicant from Guatemala, but anyway, thank you.

EMPLOYMENT EQUITY

DATE FOR REVIEW OF ACT—GOVERNMENT POLICY

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senator, this answer is in response to a question raised in the Senate on June 11, 1991 by the Honour-

able Lorna Marsden regarding the Date Set For Review of the Act Respecting Employment Equity—Government Policy.

(*The Answer Follows:*)

Section 13 of the Employment Equity Act provides that five years after the coming into force of the Act (i.e. after August 13, 1991) a comprehensive review of the provisions, operation and effect of the Act must be undertaken by a committee established or designated by the House of Commons. Accordingly, the earliest time the motion to establish the review committee can be made was the fall of 1991 when the House reconvened after the summer recess. The Honourable Senator can be assured that, at the first opportunity, the Minister will be asking that a committee undertake the review.

Members of said committee will specify the methods and time frames for the review, subject, of course, to the usual parliamentary requirements.

ABORIGINAL AFFAIRS

REQUEST FOR JUDICIAL INQUIRY INTO OKA CRISIS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on June 11, 1991 by the Honourable Richard Stanbury regarding An Independent Judicial Inquiry into the Oka Crisis.

(*The answer follows:*)

Establishment of a judicial inquiry is a specific recommendation of the report of the Standing Committee on Aboriginal Affairs titled "The Summer of 1990".

The Federal Government is finalizing its response to the Report which has to be tabled on October 4, 1991. At this stage, any response to the question should await tabling of the government's response to the Standing Committee's Report.

NATIONAL DEFENCE

CONTRACT TO REVIEW HEADQUARTERS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised in the Senate on June 17, 1991 by the Honourable Gildas Molgat regarding the Contract to Review DND Headquarters -Status of Report.

(*The answer follows:*)

As a consequence of the 1989 and 1990 Federal Budgets, the National Defence Headquarters Functional Review was instituted in March 1990.

As a result of the Functional Review, the Department of National Defence determined the relative priority of the activities by NDHQ personnel on the basis of effectiveness and cost.

In addition, the Functional Review identified those activities which could be eliminated or reduced in scope to improve the efficiency and effectiveness of NDHQ without impairing the ability of the Headquarters to fulfil its assigned role and responsibilities.

Based on the findings of the Functional Review, a reduction in Headquarters personnel was announced on May 17th, 1991.

The reduction is being carried out carefully so as to protect DND personnel to the fullest extent possible. A National Employment Program for civilian employees affected by the NDHQ Functional Review has been implemented to provide maximum employment activities for affected and surplus employees.

On May 23rd, 1991 the Department of National Defence released a *Backgrounder* announcing the results of the Functional Review of National Defence Headquarters.

[*Translation*]

SASKATCHEWAN

FRANCOPHONE EDUCATION—POSITION OF FEDERAL GOVERNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, the delayed answer to the question raised in the Senate on June 17, 1991, by the Honourable Gildas Molgat regarding Francophone education in the province of Saskatchewan reads as follows:

In 1988, the federal government and the Government of Saskatchewan signed a special agreement, providing $57M over 10 years (1988-1998) and consisting of four components, including management of schools by Francophone parents.

The Saskatchewan Minister of Education has repeatedly given the Secretary of State, Mr. Ray Meiklejohn, the assurance that he would amend the legislation on schools to enable Francophone parents to manage their own schools.

The minister has instructed his officials to consider various approaches to implementing this type of school management system.

The school management component of the agreement between the Department of the Secretary of State and the provincial government provides for annual federal contributions of up to $3M per year during the first five years of the agreement, and up to a maximum of $26M during the ten years the agreement will be in effect.

In the past three years (1988-1989 to 1990-1991), the Department of the Secretary of State has paid $1.7M in response to request by the province. The sum of $550,000 was approved for the current year (1991-1992), for a total federal contribution of $2.3M to date.

The purpose of the federal contribution is to enable the province implement a system for the management and control of educational institutions for Francophone minorities and to take the necessary steps to provide for such management and control, including any amendments

required to existing legislation and regulations relating to schools.

To date, federal payments have financed the operations of the Co-ordinating Committee (Gallant Committee) which is responsible for making recommendations to the provincial cabinet. The committee submitted its report to the Minister of Education in June 1989, and in August the provincial cabinet adopted the report's recommendations. Federal payments were also used to fund the activities of an implementation committee created by the Minister of Education as well as the activities of a committee responsible for disseminating information to French-speaking communities in Saskatchewan.

[*English*]

AGRICULTURE

DUTY ON EXPORT OF CANADIAN BEANS INTO UNITED STATES—DUTY-FREE IMPORTATION OF AMERICAN WHEAT—GOVERNMENT POLICY

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on June 18, 1991 by the Honourable Gildas Molgat regarding Duty on Export of Canadian Beans into United States.

(*The answer follows:*)

With respect to wheat, Article 705 of the Canada-United States Free Trade Agreement (FTA) requires Canada to eliminate import permit requirements for U.S. grains and grain products commencing at such time as government support levels for these grains in the United States become equal to or less than government support levels in Canada. The calculation of support levels is carried out each year. The base period for the calculations is the two most recent crop years for which data are available.

Based on this year's calculations, the Canadian government support level for wheat is higher than the U.S. government support level. Canada was therefore obligated to remove the import permit requirements for U.S. wheat and wheat products. For barley, the Canadian government support level is lower than the U.S. government support level and therefore import permits will continue to be required for U.S. barley and barley products.

It should be noted that the United States maintains no import restrictions on Canadian wheat and wheat products and that Canadian exports of wheat to the United States exceed $60 million in this crop year.

Regarding white and navy beans, the Canada-U.S. Trade Commission agreed last spring to eliminate the tariffs applying to white and navy beans imported into the United States from Canada, in advance of the schedule set out in the FTA.

This result came as part of the second round of tariff elimination negotiations undertaken by the two countries at industry request, as allowed under Article 401.5 of the FTA. The complete elimination of the U.S. tariffs on white and navy beans originating from Canada, subject to final approval by the Canadian and U.S. governments, went into effect on a provisory basis on July 1, 1991.

IMMIGRATION

FAST-TRACK TREATMENT FOR APPLICANTS FROM IRAQ—GOVERNMENT POLICY

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on June 18, 1991 by the Honourable Lorne Bonnell regarding Immigration—Fast-Track Treatment for Applicants from Iraq.

(*The answer follows:*)

The Government of Iraq recently relaxed exit controls for Iraqi citizens who wish to leave that country. This has resulted in an increase of applications from those citizens who wish to establish permanent residence in Canada.

Applications continue to be processed in accordance with the priorities established in the Immigration Act and Regulations. Members of the family class, convention refugees seeking resettlement, and members of designated classes are given the highest processing priority.

For applicants who believe they are in a life-threatening situation, visa officials have and will continue to assess each applicant's circumstances to determine if grounds exist to warrant special consideration.

FOREIGN AFFAIRS

SOUTH AFRICA—REMOVAL OF CANADIAN SANCTIONS—GOVERNMENT POLICY

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on June 18, 1991 by the Honourable Lorne Bonnell regarding South Africa—Removal of Sanctions.

(*The answer follows:*)

There is now for the first time in place a program for the removal of sanctions as the situation evolves. At the meeting of the Commonwealth Committee of Foreign Ministers on Southern Africa which was held in New Delhi on September 13, 1991, the Committee recommended to Commonwealth heads that they adopt the following program when they meet in Harare in October 1991.

1) The immediate removal of people-to-people sanctions, including restrictions on visa issuance and on the promotion of tourism, boycotts on cultural and scientific contacts, and the ban on direct air links;

2) The removal of economic and trade sanctions when all parties in South Africa are able to participate fully and effectively in constitutional negotiations;

3) The removal of financial sanctions when there is agreement on the text of a new democratic constitution for South Africa.

An important and delicate balance has been struck in these recommendations. The Commonwealth has shown that it remains at the forefront of world opinion and action on South Africa.

NATIONAL FINANCE

CLOSURE OF BASES—FINANCIAL AID TO COMMUNITIES—OPENING OF GST OFFICE IN SUMMERSIDE—GOVERNMENT POSITION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on June 18, 1991 by the Honourable Lorne Bonnell regarding The Opening of a GST Office in Summerside, P.E.I.

(*The answer follows:*)

You will find listed below information on the current disposition of the Goods and Services Tax facility in Summerside, Prince Edward Island—more specifically, a listing of the project phases including their tender award and completion dates. In order to accelerate the delivery schedule as much as possible, the tendering for this project will be done in phases. The scope of work for each phase will be established to permit processing capability in August 1993.

Description	Tender Award	Completion
Site Work	July 1991	October 1991
Foundation	October 1991	February 1992
Structure	December 1991	May 1992
Building Envelope	February 1991	October 1992
Interior Finishes	April 1992	August 1993
Mechanical	April 1992	August 1993
Electrical	April 1992	August 1993
Exterior	May 1992	August 1993
Fit-up	October1992	August 1993

FOREIGN AFFAIRS

CANADIAN AID TO SOVIET UNION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on September 17, 1991 by the Honourable H.A. Olson regarding Foreign Affairs—Canadian Aid to Soviet Union.

(*The answer follows:*)

Canada is implementing its technical assistance programmes both at the level of the Centre and at the level of Republics such as Ukraine.

Canada has also offered export credits of C$150 million to the USSR for food purchases and has reserved up to C$50 million in credits for Ukraine.

G-7 countries are paying particular attention to the food supply situation in the USSR and have agreed to make assessments of the emergency requirements that might arise. In this connection, a Canadian delegation of public and private sector officials will travel to the USSR during the week of September 22.

HEALTH AND WELFARE

EFFECT OF ALCOHOL ON PREGNANT WOMEN—PROPER LABELLING OF PRODUCTS CONTAINING ALCOHOL

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on September 17, 1991 by the Honourable Royce Frith regarding Effect of Alcohol on Pregnant Women— Proper Labelling of Products Containing Alcohol.

Senator Frith: Would you read that one? I think it would be good to have it on the record.

Senator Lynch-Staunton: I might have my own thoughts on this matter considering where I come from.

Senator Frith: You can put those on the record too, if you wish.

Senator Lynch-Staunton: The Department of Health and Welfare is closely monitoring the American experience with regard to mandatory health warnings on the labels of alcoholic beverages. At the same time, it is pursuing other approaches (i.e., education) that are directly targeted to the most at-risk groups, such as pregnant women in order to deter them from inappropriate or unwise consumption of alcohol.

Currently, the Department is placing more emphasis on providing targeted information on the adverse effects of maternal alcohol use on the development of the foetus, including fetal alcohol syndrome, by way of prenatal and parenting programs and the distribution of publications. These include the Post-Partum Parent Support program, which is implemented in community hospitals throughout Canada, and "Canadian Mother and Child". An updated version of this publication will be distributed to community health organizations across Canada this Fall.

In addition, Health and Welfare has provided funding, through Canada's Drug Strategy, to enable communities to address Fetal Alcohol Syndrome (FAS) issues. A family drop-in centre operated by the YWCA in Vancouver, for instance, will receive $140,000 over a two-year period to increase local awareness of the potential hazards of mothers who are raising children afflicted by fetal alcohol syndrome. Local awareness programs to promote responsible alcohol use have also been funded in various communities throughout Canada. Also, the National Native Alcohol and Drug Abuse Program has provided resource materials to support native FAS information campaigns.

In November 1989, the United States introduced a mandatory health warning on the labels of all alcoholic beverages. At the time of introduction, there was no evaluative information on the effectiveness of such warning labels. However, a number of well designed studies are now in progress to assess the impact of this labelling measure.

AGRICULTURE

SUGAR BEET INDUSTRY—PROPOSED STUDY—REQUEST FOR DETAILS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on September 18, 1991 by the Honourable Joyce Fairbairn regarding the Sugar Beet Industry—Proposed Study— Request for Details.

(*The answer follows:*)

The Minister of Agriculture launched on September 10, 1991 a Special Measures Committee to study the sugar beet industry in Canada.

The Committee is created under the new Farm Income Protection Act (FIPA). This legislation permits the Minister to take special measures to assist particular commodities experiencing difficulties.

The focus of the Committee will be on the industry's competitiveness, and the examination of policy alternatives for consideration by governments. It will study the effectiveness of the current National Tripartite Stabilization Plan, the possibility of producers being better served through the new safety net programs and the feasibility of a national sugar pricing policy. The deadline for the completion of the study is March 31, 1992.

Comprised of industry and provincial government representatives from Manitoba and Alberta, in addition to federal government officials, the Committee will be chaired by Linda J. Keen, Regional Director General (Prairies) with Agriculture Canada's Agri-Food Development Branch. The first meeting is scheduled for October 24, 1991.

AGRICULTURE

INTERNATIONAL GRAIN SUBSIDIES REQUEST FOR UPDATE ON NEGOTIATIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this answer is in response to a question raised in the Senate on September 18, 1991 by the Honourable H.A. Olson regarding International Grain Subsidies—Request for Update on Negotiations.

(*The answer follows:*)

Discussion on agriculture resumed in Geneva last Monday, September 16 under the chairmanship of Mr. Arthur Dunkel, Director General of the GATT.

The Canadian position has not changed since October 1990 when it was announced following intensive consultations with the provinces and industry.

[Senator Lynch-Staunton.]

Canada will continue to pursue actively its four key objectives in this negotiation:

—A reduction in tariff and non-tariff import barriers;

—elimination of export subsidies and a substantial reduction in trade distorting internal subsidies;

—effective GATT rules equally applicable to all contracting parties, including the clarification and strengthening of Article XI and improved disciplines on countervailing duties; and

—a system to minimize the adverse trade impact on health and sanitary measures.

All major participants recognize that it would be very difficult to conclude a GATT agreement later than the beginning of next year due to the U.S. election campaign.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

NATIONAL DEFENCE—RE-ESTABLISHMENT OF CANADIAN OFFICER TRAINING CORPS IN UNIVERSITIES

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 4 on the Order Paper—by Senator Molgat.

UNITED NATIONS—BUDGET OF CANADIAN AMBASSADOR

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 6 on the Order Paper—by Senator Marshall.

REVENUE CANADA—INCOME TAX PAYABLE BY PUBLICLY TRADED COMPANIES SINCE 1984

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 8 on the Order Paper—by Senator Molgat.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Meighen, for an Address to His Excellency the Governor General in reply to his speech at the opening of the Third Session of the Thirty-fourth Parliament.—(*Honourable Senator Murray, P.C.*)(7th day of resuming debate)

Hon. B. Alasdair Graham: Honourable senators, under the new rules of this chamber my time is limited to 15 minutes. Until today, approximately 10 senators have participated in this debate. By my calculations, the speeches of all 10 have exceeded 15 minutes—some by a few and some by many minutes. I should like to warn honourable senators in advance that, if I speak on this item today, I will go beyond 15 minutes.

However, with the cooperation of all honourable senators, I will not go beyond 30 minutes. Therefore, I am asking for leave of the Senate to speak longer than 15 minutes.

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

Hon. Senators: Agreed.

Hon. John Lynch-Staunton (Deputy Leader of the Government): We certainly agree. However, we do so without accepting the argument that because the debate started before the rules were changed, that is a valid reason to allow for their suspension; otherwise such suspensions could apply *ad infinitum* to all legislation presented before the rules were changed. Because the Senator who is about to speak is known for his erudition and the solidity of his arguments, I suggest that we certainly make an exception in his case.

• (1430)

Senator Frith: That would be a reason too, then. Accepted. Anyone who has erudition is not bound by that rule.

Senator Graham: I thank all honourable senators for their cooperation.

There is a well—known inscription on a plaque in the legislative chamber in Charlottetown. The words are from Milton's *Paradise Lost* and have a particular poignancy for me as I contemplate the present state of our country. The inscription reads: "Providence being their guide, they builded better than they knew."

Today, Canada's soul truly wanders. We lack direction. We forget that our accomplishments as Canadians have been far more substantial than our differences. We have not built a great country by accident, luck, or circumstance. We have rejected virulant forms of national identity. We have eschewed the aggressive nationalism which has dominated much of the world throughout the last century. We have pursued a different path. It can be argued that we are a tenuous creation because we have relied on the pursuit of common values and common purpose to serve as the national glue. So for that reason, we are a nation still in the process of formation.

Canada is a daily act of will. We have endured because we have known this to be true, and successive national governments have worked to make this effective. Together, Canadians have built, in partnership with their respective governments, one of the most unique, beautiful and complex countries in the world. We have entered into a social compact reflective of our collective will to nurture and sustain a good neighbourhood. We have understood that "national association" means mutual respect and support, and we have known that the central role of government has been unequivocally to preserve and protect our unique social compact, our good neighbourhood. In this way, Canada has endured.

Something new was created here north of the 49th parallel. Our history serves as an important chapter in 20th century international chronicles. We are a distinctive and unique national community. We are an experiment in what John Holmes so well entitled "responsible radicalism" both at home and abroad. We have been proud to call ourselves a social and economic democracy. It is upon these foundations that we have built a society which is the envy of the global community.

Perhaps Providence has been our guide. I believe we have built something even better than we know; but, today, our national soul and sense of common purpose seems lost, or at least longing for direction and leadership. Our historic struggle for national consensus is a proud and brave testament to the will, strength and vision of our forefathers, but it is a day-to-day struggle.

The central role of government is to further the collective will to live together. If the central government lacks credibility in the eyes of the majority of its people or is drained of its power to act in the national interest, it can no longer serve as custodian of our distinctive and national community.

I take no pleasure in echoing the sentiments of my fellow Canadians that the current government lacks credibility. I take no pleasure in stating that the present government has dropped the mantle of leadership.

Honourable senators, nowhere are the storm clouds of our national discontent darker than in Atlantic Canada. Due to geography, relative size — both in terms of population and economic influence — the Atlantic provinces are particularly vulnerable to the vicissitudes of our national, constitutional and economic difficulties. While we contemplate constitutional changes to heal the soul of our nation, I am sorely disappointed that the Speech from the Throne did not attend to the other gaping wound in the national body, that of economic disparities.

I am the first to acknowledge that the Atlantic region is already a visible recipient of the benefits of federalism, but the truth is that other areas of the country are beneficiaries of shared tax dollars and associated tools of economic development. Many of these areas are referred to in the report to the Council of Maritime Premiers entitled "Standing up to the Future: The Maritimes in the 1990s" by Dr. Charles J. McMillan.

I do not begrudge for one minute anyone's prosperity. I recognize that the federal government must act for all Canadians; but the simple fact remains that macroeconomic policies conceived at the federal level have not narrowed the disparities gap between Atlantic Canada and Central Canada but have, in fact, increased those disparities. We have been gravely hurt by restrictive fiscal and monetary policies. Economic opportunities in Atlantic Canada, as elsewhere in the country, have plummeted as the government increased interest rates—all this in order to dampen the inflationary pressures emanating from an overheated southern-Ontario economy. The recovery will be slow and painful.

Let us translate all of this. The central role of government is the preservation of our good neighbourhood. We have understood that national association means mutual respect and support. The terms of our unique social compact have been internationally acclaimed. This has been so because successive governments have nurtured our good neighbourhood by plac-

ing people at the centre, by putting people first. But you cannot place people at the centre; for example, if cuts to Established Programs Financing seriously impair opportunities for students to pursue post-secondary education.

I happen to believe that Established Programs Financing and equalization are critical stabilizers for our regional economy. You cannot place people at the centre, if agencies like the Department of Industry, Science and Technology isolate Atlantic Canada from the economic and technological advances of the future; and you cannot place people at the centre if you persist with macroeconomic policies injurious to their interests, which kill the products of their local industry and which stifle their dynamism; and you cannot place people at the centre if you accentuate the structural biases in this country which persistently favour Central Canada and which sap the energies and self-esteem of our innovative citizens.

● (1440)

I think most honourable senators will agree that the economic environment has changed in a number of significant ways and that any new strategy must be cognizant of those changes. We face very tough conditions in a fiercely competitive international trade environment; there are constraints evident within the budget itself; the threat of countervail from the United States continually looms over our heads, and I remind honourable senators that the Free Trade Agreement did not rid us of this central concern.

Given these new constraints, I would have expected the Speech from the Throne to have mapped out a new role for the federal government in economic development. To their credit, the Maritime provinces are working through the Council of Maritime Premiers to revitalize the local economy by tearing down trade barriers and pursuing collective goals in transportation, education, energy and health care. Leadership in fostering co-operation and co-ordination will help the Atlantic region reach its full potential.

Over the decades, we as Atlantic Canadians have really tried to make the compromises needed in the interests of national association. We have believed that national association means mutual respect and support. We know that nation-building is a daily act of will that requires all Canadians to recognize the true value of all regions, a value that cannot be measured simply in economic terms but must also acknowledge the richness of our diversity, our culture, our heritage and our geography.

One of our finest native sons, James Layton Ralston, a former Minister of National Defence, articulated the Maritime view of our federal association as follows, and I quote from Hansard of April 4, 1927:

> We in the Maritime provinces have had no quarrel with the rest of Canada in anything that this Dominion has done to benefit other sections of the country . . . When the province of Quebec added to her domain what was virtually an empire, when her railways were subsidized, her canals deepened, and Montreal made an ocean port; when Ontario had her area trebled and her canals built; when Manitoba was doubled in area and means were afforded whereby the products of that province could be marketed at a cost 25 per cent lower than could the products of the country immediately to the south; when Alberta and Saskatchewan, in view of special circumstances, received substantial annual subsidies to facilitate their entry into the Dominion in at least comparative affluence; when, in the interests of British Columbia, the construction of three transcontinental railways was authorized and the province had extended to her certain special treatment in relation to railways; when all these benefits were received by the other provinces of Canada the people of the Maritimes gladly acknowledged the right of their fellow citizens to generous treatment.

Honourable senators, our shared vision must, as Ralston suggests, be a truly generous one, not a vision characterized by constitutional bottom lines and provincial bartering. I believe that this generosity of spirit of which Ralston spoke still remains true, as Atlantic Canadians continue to believe that we are contributing to the evolution of a distinctive experiment north of the 49th parallel. We see ourselves as the condition necessary to a great country. Sir George Etienne Cartier reflected upon this in a speech he gave in Halifax in 1864. "What nation", he asked, "has ever been powerful without the maritime element." As I have said, if any peoples have understood that nationhood means a daily act of will, it is Atlantic Canadians.

My feelings are shared by fellow Cape Bretoners such as the Committee of Concerned Citizens which recently published an urgent agenda for economic renewal in Cape Breton. The report graphically illustrates the near crisis conditions haunting the island insofar as unemployment figures are concerned. The authors point out:

> We find ourselves in 1991 in an even worse economic condition than in 1985. A higher real unemployment rate, with major uncertainty surrounding Sysco and Devco, new plants constructed with Enterprise Cape Breton financial aid closing at an alarming rate and with large numbers of our most potentially productive working population leaving the Island.

The agenda, honourable senators, serves up lots of charts and graphs. The numbers translate into great pain for many families in my part of the world. The committee is correct in its observation that physical privation is bad. Yes, unemployment insurance, welfare payments and food banks help, but this does very little to alleviate what the authors call the "starvation of the spirit."

In an urgent appeal for economic renewal the Committee of Concerned Citizens has emphasized that Cape Bretoners must take on the responsibility for their own destiny. The report therefore recommends that government must shift the initiative and the responsibility of economic renewal from itself back to the community. Its authors call for a comprehensive development organization based on the combined energies of local practitioners to develop a framework for renewal. The Committee of Concerned Citizens of Cape Breton has recog-

nized something very important about our people, honourable senators: that U.I. and welfare will not build the circumstances of our new dynamism; that demoralization is a large source of our present discontent. It maintains that many of the industrial incentive grants designed to deal with our unemployment problems, as well-intentioned as they may have been, did not achieve their full objective or may have been ineffective.

The Committee of Concerned Citizens of Cape Breton is representative of a populist mobilization which has begun to take root in the psyche of Atlantic Canadians. It knows that the assault on discouragement must take place at the community level. It believes that government must facilitate, not engineer, this assault.

The architects of economic renewal are not dealers in the dramatic or the apocalyptic. These are ordinary citizens from all walks of life who know that our people want to work. They are aware that the greatest threat to our self-esteem lies in unemployment. They are convinced that the solution lies in the Atlantic spirit of independence and self-reliance; and they are driven by the certitude that regional disparities will worsen over the next decade unless something dramatic is done and that the major casualties will be our people. They insist that government take up its central role, which is to protect and nourish our good neighbourhood. Loosely translated, it means that government must open the portals to the collective wisdom of our local practitioners.

Our people are developing community development programs which are serving as important levers to economic and business development. The Economic Council of Canada labelled this people- driven approach "From the Bottom Up" in a recently published statement. Local community development means an assault on disparity launched by our innovative citizenry at the grass roots. These are citizens of disadvantaged communities who have seen that local action can mobilize key resources in regions previously noted for depletion and economic stagnation.

Honourable senators, these are people who understand that migration is not our birthright, that idleness is not our propensity, that economic hardship must not be our lot. These are people who believe that relationships acquired within a local community are catalysts to meaningful enterprise. These are people who are guided by the assumption that regional development means the engagement of the productive capacities of Atlantic Canadians in community mobilization from the bottom up.

Honourable senators, local development remedies have concentrated on the improvement of regional productivity in the interests of facilitating competition in outside markets, for it is only through this market competitiveness that these enterprises can survive.

One of the reasons why small businessmen in isolated communities are unable to find capital is simple enough: more often than not they do not have the basic information needed to acquire it. Local development organizations are starting to provide financial services in areas where they were previously nonexistent.

We lack information about markets and resources in Atlantic Canada. We lack access to capital in Atlantic Canada. The recent wave of globalization in financial markets does not bode well for small scale entrepreneurs in less-developed regions. For these reasons, community development corporations have been experimenting in levering private capital through the private banking system. There have been a number of techniques employed to do so—for example, revolving loan guarantee funds and, as well, the concept of the linked deposit, whereby the funds of the community development corporation or its allies are deposited on condition that the bank will finance targeted ventures.

• (1450)

Honourable senators, community development organizations are incubators for commercial ideas and intriguing pathfinders to a future business base which, happily, may not be subject to the recurrent swings of international commodity markets. Psychologically and socially, these kinds of alternatives constitute dynamic boosts to our self esteem.

Much more needs to be done to ensure that many of our talented young people who make substantial contributions to business and society elsewhere in Canada have an opportunity to make these contributions and to pursue real business opportunities closer to home.

A century ago, one of the fathers of Confederation, Nova Scotia's Sir Charles Tupper, put it this way:

> The human mind naturally adapts itself to the position it occupies. The most gigantic intellects may be dwarfed by being cabin'd cribbed and confined. It requires a great country and great circumstances to develop great men.

Honourable senators, we have a great country. No peoples in this beautiful land have been prouder to be called Canadians than Atlantic Canadians. However, we need a national government to assist us in our efforts, and an economic plan which will complement the energies of our people.

While I continue to believe that the national government must provide for equalization as set out in section 36 of the Constitution Act, I also believe it is time to give the provinces more program delivery responsibility for regional economic development. Even more importantly, however, we must devise a fairer means of arriving at balanced decisions within our federal state. An elected Senate with equal representation from the provinces will ensure that federal decisions are approved by the component parts of our federation. I am fully in favour of this fundamental constitutional change.

What we are seeing today in Atlantic Canada is a great challenge posed to government by the community-based activism of its own people. The government is asked as never before to facilitate, not engineer the dynamism of our dealers in new ideas. This dynamism can be fostered by community loan funds, regional development banks, employee share ownership plans, business development centres and the like. We must recognize that community economic development means

the encouragement of viable businesses as well as the construction of a good neighbourhood for people. I believe the government must support local development organizations which link social goals with business goals. This is the way in which good neighbourhoods are built. Atlantic Canadians recognize, perhaps more than most, the value of "community".

Honourable senators, we cannot ignore the fact that significant changes have taken place in the world economy. Specialized knowledge is now the central factor in generating high earnings in global industries. High value businesses are attracted to the basic dynamic of knowledge-intensive zones. Capital will seek out intellectual capability. Capital will seek out climates receptive to problem-solving. It will seek out dealers in new ideas. It will be those regions which nourish human resources, which laud strategic brokers of new technologies and markets—it will be those regions which will take best advantage of the transition from this age to the next.

Given its tremendous advances in technology and communications in recent years, the barriers to investment from high value businesses are not likely to be wages, geography or distances. Location incentives do not necessarily serve as drawing power. Private capital will keep company with a skilful, energetic and committed citizenry, with those who can make the vital connections between ideas and markets. Capital will seek out brokers and new ideas; it will go where it will if the playing field is level.

It is, then, the quality of the human resource which is the catalyst to the 21st Century. Robert Reich speculated on the evolution of the intellectual capital of a nation's work force in last February's *Atlantic Monthly*. He predicted that a work force gradually generates its foundations of a knowledge-intensive zone through what he calls "a virtuous cycle". Reich envisaged the cycle this way:

> Thus a virtuous cycle can be set in motion: A work force possessing a good basic education, which can efficiently bring the fruits of its labours to the global economy, can attract global capital for its performance of moderately complex tasks. The experience gained by performing these tasks generates additional on-the-job training and experience, which serve to lure global capital for more complex activities. As skills build and experience accumulates, the nation's citizens receive more and more from the rest of the world in exchange for their services—which permits them to invest in better schools, transportation, research and communications systems. As their problem-solving, problem-identifying, and brokering skills grow, and their links with the world steadily improve, their income rises.

Honourable senators, such a "virtuous cycle" set in motion in Atlantic Canada would usher the region into the emerging global economy.

Let me focus finally on my own people in Cape Breton. We have a major coal resource with a billion tons in proven reserves. We have the potential to establish a "knowledge-intensive zone" in our region. We have a work force with great intellectual potential. We know that coal liquefaction and metallurgical coking are only a few of the illustrations of the potential inherent in a new age; they are signposts to the future.

We must also look at the case of our steel industry in terms of the new dynamism at work in the global economy. Sysco has modernized plant facilities, but the industry is in decline. Yet the potential exists if only we can fire up the problem-solving capabilities of our people. We must remember that the whole concept of distinction between goods and services has become less applicable to the new global economy. Steelmaking itself is becoming a service industry. Services are an important part of the final product when alloys are moulded to a precision tolerance. Steel service centres are part of the new wave. We must set the virtuous cycle in motion—in fishing, in forestry, in all of our basic and primary industries, as well as in the service industries of the future.

• (1500)

Honourable senators, our people want government to help liberate our energies; to unleash the full spirit of our creativity. We are aware of the wisdom of T.C. Haliburton's words in *Sam Slick* written in 1836, and I quote, "if the sea was always calm, it would poison the universe." Atlantic Canadians know the hypnotic effect of calm seas. We are inventing the circumstances of our own new dynamism. All of this will take leadership and commitment. We invite all Canadians to book passage with us in the churning waters of our transition.

Senator Molgat: Honourable Senator Graham, your region, the Antigonish region, through St. Francis Xavier University, was a leader in the development of the caisse populaire and the co-operative movement. In fact, other provinces such as my own benefited from such movements.

How much of a role have these organizations played in regional development in your own region?

Senator Graham: In our own region, the St. Francis Xavier extension department and the Coady International Institute specifically play a very important role. I can give you countless examples where local financial ventures have failed but the credit union has come to the rescue. For example, there is one specifically in southern Labrador, which does not happen to be in my province, which was mentioned recently in the article, "From the Bottom Up" where a bank went out of business and the credit union came in and rescued the local economy.

Senator Macquarrie: Honourable senators, I thank the honourable senator for making an excellent speech. I would like to say how much I appreciated his reference to a former member of the House of Commons from Prince Edward Island, the Honourable J. L. Ralston.

I also noted Senator's Graham's reference to the inscription on the plaque honouring Confederation at Canada's 50th anniversary. I was wondering if he had looked it up only to discover that, according to the then Premier of Prince Edward Island, the inscription was from John Milton, as Senator Graham mentioned, but the second line was from James Russell Lowell. I do not know why they thought it important

to have one from the old world and one from the new. I have not researched that. I should have looked it up carefully before I even asked the question but I am getting old and forgetful.

I also noticed and approved of his mention that Prince Edward Island have the same number of senators as every other province, although Premier Ghiz said the other day that those who think that way are dreaming in Technicolor. However, as the Prophet Joel said, "Your old men may dream dreams."

[*Translation*]

Hon. Claude Castonguay: Honourable senators, I would like to take the opportunity provided by the continuation of the debate on the Speech from the Throne to say a few words on the proposals for the renewal of Canada that were tabled this morning in the House of Commons by the Prime Minister.

Although my examination of these proposals is only preliminary so far and of course I intend to read the document much more seriously and closely, nevertheless an examination of the proposals shows that they are extremely elaborate and touch on all issues that now concern Canadians.

In my opinion, these proposals are valid and will fortunately make it possible to continue the process of constitutional renewal that is under way. They are obviously the result of a great deal of effort by all who helped prepare this document. I think that we should congratulate them on the work they did. It was obviously an extremely difficult task. We know the differences of opinion that exist within the country, from region to region, among the people and they succeeded in doing what at first seemed practically impossible.

What attitude should one take towards these proposals? I think that before reacting, it is extremely important to understand what they involve so that we can all contribute to a better understanding and ensure that the public and all who want to form an opinion on these proposals do so on the basis of the best knowledge possible and not prejudices or a misunderstanding of what they involve.

We must not forget in this exercise that we are going through an extremely difficult period in our country's history. I think it is no exaggeration to say that Canada is going through the most difficult period in its history. I think that we must always keep this aspect of the question in mind.

I also think that in examining these proposals and considering the stage that we are embarking on, we should put recriminations behind us and look to the future. We should consider the proposals before us and see how they can be improved.

In recent months, indeed in the last two years, we have heard a great deal about what is not working in our country and what divides us. I think that starting now, we must concentrate on what is working and how to make our country work better and also how to make us less divided and more united in future.

This morning, I listened attentively to the speech by the Leader of the Opposition, Mr. Chrétien, and the speech by the Leader of the New Democratic Party, Ms. McLaughlin. I must say that I was extremely impressed and encouraged by their speeches.

[*English*]

I listened carefully and I was very pleased to hear what I heard from both. The general thrust of what they said, as far as I could understand, was that they want to participate fully in the next phase of the process. They want to improve the proposals that have been put before us. I can assure you that this is exactly the spirit in which I will approach my own work as co-chairman, if I am elected tomorrow as co-chairman of this committee.

• (1510)

[*Translation*]

The Joint Committee is to meet for the first time tomorrow afternoon, as far as I understand. The task at hand is enormous. The responsibility that we share as members of this committee is supremely important, not only in developing recommendations, but also as regards the image we will project to the public during the proceedings.

I feel that we can play a useful role in this process just by the way we approach our work.

On that point, I was encouraged by the quality of the committee's membership. I am pleased to see that the Liberal Party will be represented by the leader and deputy leader of the opposition in the Senate. In my view, that goes to show how seriously the official opposition takes the work of this committee and I am very encouraged by it.

Of course, the role of the committee will be to listen to the representations from our provincial counterparts, from various organizations and from the public. I think that we will have to make a special effort to hear as many witnesses as possible in the relatively short period of time at our disposal.

It will also be our responsibility to provide information to the public on the content of the proposals before us. I believe that our role is twofold: to listen and to inform.

[*English*]

We will be developing a program which will, I hope, enable us to do as much as is humanly possible within the relatively short period of time at our disposal. If I understand the mood of the population correctly, it must be kept in mind that we must go through this phase of the process so that people know what the proposals are, and so that they may have some input to improve them.

At the same time, it is felt that this part of the process should not be too long. The population is expecting some action. It does not want to wait forever, or much longer at least, to see some action on this front.

[*Translation*]

Personally, when I was asked to become co-chair of this committee, I said I would accept, provided I agreed generally with the contents of the document and felt comfortable with this document.

As I said before, I had a chance to read the text and it seemed to be a valid document. I accepted this responsibility

with some trepidation, and I also felt humbled by the fact that the task facing us is quite impressive. I realize it is a very heavy responsibility.

I will therefore need the support of all my colleagues here in this chamber and especially the support and understanding of committee members.

In return, I can assure you I will try to keep a very open mind and be as non-partisan as I can. I think this is an exercise in which we should forget our party affiliations and concentrate on the mandate we have been given and the proposals before our committee.

My objective during the months to come will be, with your help and the help of committee members, to make this a very positive experience and to obtain the broadest possible support across this country. I also hope that by the end of our mandate we will be able to draft, with maximum support from the committee itself, a number of recommendations that will enhance the proposals we have before us.

[*English*]

To conclude, I wish to repeat that, in my responsibility as co-chairman of this committee, I will take as open an attitude as possible toward all the suggestions that will be made. Again, I intend, as much as possible, to take a non-partisan attitude. I believe that the task in front of us is of such importance that we should look at the proposals which have been presented and work in a way that is above partisanship.

With the help of the members of the committee, and whoever wishes to make suggestions to us as we go along, my objective will be to go through this stage of the process in as positive a way as possible and to obtain as wide a consensus as possible from among the population, from all those interested in this most important question. It is my wish that on completion we will be able to submit recommendations that will improve on these proposals with the widest possible consensus within the committee.

Some Hon. Senators: Hear, hear!

[*Translation*]

Hon. Pierre DeBané: Honourable senators, our very distinguished colleague, Senator Castonguay, invited suggestions. I would like to make one.

[*English*]

In a genuinely democratic country a constitution is nothing less or more than a document in which the citizens state how they have decided to govern themselves. Essentially this is how Canadians have decided to govern themselves.

One wish that I would like to put forward for the consideration of Senator Castonguay, a man whom I hold in high esteem, is that he will pursue a formula that exists in several other countries, such as Australia, France and Switzerland, and was suggested by the Pepin-Robarts Commission, of which two of his colleagues, Senators Beaudoin and Chaput-Rolland, were members—namely that the citizens of this country should have a say in the formulation and amendment of the Constitution.

[Senator Castonguay.]

It must be decided once and for all what is the basic constitutive element of this country. Is it the citizens of Canada which constitute the country or is it the provincial and federal governments? If it is governments alone which constitute Canada, then only they should participate in deciding how to amend the Constitution.

I am telling you respectfully that if you ask the people of this country whether they would like to participate in the process, you will find that an overwhelming majority will want to get involved. That is what we have learned from the Meech Lake debate, from the Belanger-Campeau Commission and from the Spicer Committee. The people want to get involved. My only wish is that you will say, as have many other countries, that no amendment will be finalized without the stamp of approval of the citizens of this country, so that finally our Constitution will be a document in which Canadians have stated how they want to govern themselves.

• (1520)

[*Translation*]

Senator Castonguay: Honourable senators, just a few words to thank Senator DeBané for the suggestions that he has just made. I can assure him that I took good note of what he has said and that, in our works, I will try to remember this very important dimension of the question. Thank you, honourable Senator DeBané.

[*English*]

On motion of Senator Lynch-Staunton, debate adjourned.

[*Translation*]

SPECIAL JOINT COMMITTEE OF THE SENATE AND HOUSE OF COMMONS ON AMENDING THE CONSTITUTION OF CANADA

DEBATE CONCLUDED

On the Order:

Resuming the debate on the consideration of the Final Report of the Special Joint Committee on the Process for Amending the Constitution of Canada, presented in the Senate on 20th June, 1991.

The Hon. the Speaker *pro tempore*: Honourable senators, I must inform the Senate that if Senator Beaudoin speaks now, his speech will close the debate on this report.

Hon. Gerald A. Beaudoin: Honourable senators, I am aware that if I speak now to the report of the Special Joint Committee of the Senate and the House of Commons on the Process for Amending the Constitution of Canada, I will close the debate.

As you know, the committee was created last January, as far as the Senate is concerned, and submitted its report on June 20.

The committee completed its mandate within five months on four main points: the amending formula, referendums, constituent assemblies and public participation in the amending process.

In the course of this very brief report I would like to take this opportunity to thank the senators who sat on this committee: Senators Kirby, Gigantès, Comeau and Nurgitz.

I was delighted to see that some of our recommendations were accepted by the committee of 18 ministers, chaired by the Right Hon. Joseph Clark, and endorsed by the Mulroney government. I am thinking more specifically, as was mentioned in this morning's report, of the delegation of legislative powers.

The work done by this committee will be useful to the Special Joint Committee on the Renewal of Canada. In fact, the Castonguay-Dobbie Committee has been given a sweeping mandate, and it has all the latitude it needs to reconsider the constitutional amending process.

I would like to express my full support for the two co-chairs and the members of this new committee.

In concluding, I would like to say that I am glad I was asked to sit on this very important committee.

[*English*]

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, if I may be given an opportunity to ask Senator Beaudoin a question, inasmuch as I cannot take the floor myself to speak in a separate speech. I take it that Senator Beaudoin would agree that this document, or the proposal put forward today by the committee of ministers, has not made any reference whatsoever to his proposal that there be put in storage, or in the stockroom, a bill to establish a referendum at a certain point. As I recollect, his committee recommended that a referendum bill be prepared which would be available to the government at a later point.

Am I correct in saying that that proposal does not appear in this document? I have not been able to find it. Am I also correct in saying that this document has put to one side the principal recommendation of his committee on the amending formula in the sentence which reads, "The recommendation has failed to attract the unanimous support which would be required to change the amending formula." It then goes on, after having put the principal recommendation of his report to one side, to put forward alternative ideas. I appreciate that the honourable senator has found, rightfully so, some resonance of his document in this proposal of "Shaping Canada's Future Together". Am I not correct in drawing those conclusions? If not, I would like to be corrected.

Senator Beaudoin: First, let me deal with the formula of amendment, which is referred to in this proposal. As you know, in changing the formula of amendment we must respect the rule of unanimity. It is too soon to say how the new committee will react to this question. The only thing I can say at this stage is that it is within the mandate of the Castonguay-Dobbie Committee to come to that question at the appropriate time. We cannot at this stage prejudge anything in that regard, except to say that it may be considered. Whether it will be like the Meech Lake formula for amendment, whether it will be like the formula we put forward, or whether it will be another formula remains to be seen. I cannot go any further on that point.

With regard to the referendum, I have not read all of the document yet. I have only glanced through it. However, it has been said, in some speeches at least, that the question of the legislation on a possible consultative referendum may be contemplated by the Government of Canada. That is all I can say at this stage on those two questions.

Hon. Lowell Murray (Leader of the Government): Perhaps I can help on the question of a referendum bill. It is the government's intention to bring in such a bill in the next little while. Mr. Clark has confirmed that today.

Senator Frith: A bill dealing generally with referendums?

Senator Murray: A bill that would give government the authority to hold a national referendum. I cannot go any further than that, but Mr. Clark may wish to do so. In any case, he will be the sponsor of the bill.

The Hon. the Speaker *pro tempore:* The debate is now terminated.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, just a note before we move on; a small one, perhaps. I doubt that Senator Beaudoin's intervention closed the debate, because it is an item headed "Resuming Debate on the Consideration of the Final Report". Under Rule 36, the final right of reply which closes debate, applies to second reading of a bill, a substantive motion or an inquiry. A substantive motion is an independent motion neither incidental to, nor relating to, a proceeding or order of the day already before the Senate.

• (1530)

I do not think there was any motion involved. There certainly was an inquiry. There certainly was no second reading. Therefore, in passing, I note that his intervention would not have closed the debate. In fact, he did not have the final right of reply.

A BILL TO AMEND CERTAIN STATUTES OF CANADA TO RECOGNIZE THE WARTIME SERVICE OF THE VETERANS OF THE CANADIAN MERCHANT NAVY

POINT OF ORDER—SPEAKER'S RULING SUSPENDED

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, the last time this came up, I said that I would raise a point of order on this particular bill. I waited, hoping that Senator Marshall would be here when I developed it.

Just to recapitulate, this bill was first presented on May 8 in a slightly different form known as Bill S-21. When second reading was proposed, Senator Murray raised a point of order to argue that the bill could not be introduced in this house because of its being a money bill. Senator Frith then asked for opportunity to reflect on it. Prorogation followed. A new session began on May 13. The amended bill, now known as Bill S-5, had first reading on June 21. It is now being called for second reading, but not before the point of order is developed.

Once again, the bill is the same as Bill S-21 except that clause 15 has been added; but even with the addition of clause 15, the arguments developed by Senator Murray remain valid in our opinion, and I will just summarize them.

The basic argument against acceptance of this bill, which substantiates a point of order, is that the prerogative of a money bill is that it have a Royal Recommendation. Senators know, as all parliamentarians must, that money bills originate in the House of Commons and they must have a Royal Recommendation attached to them. This is specified in Section 53 of the Constitution Act of 1867, as well as in the Constitution Act, Section 54. We find it again in our own rules, under rule 82, formerly rule 62; and there have been rulings by the Speaker as recently as February 27, 1991, in which he has given examples from authorities of matters addressed in legislation which require a Royal Recommendation.

Before developing this argument, I want to say that any of our comments on this point have absolutely nothing to do with the merits of the bill, and certainly even less to do with the sponsor, who has been very vigilant and active on behalf of the veterans of this country. Indeed, his work has allowed countless veterans and their families to receive additional benefits and additional recognition from their country.

Hon. John B. Stewart: That being true, go away and get a Royal Recommendation for the bill to the other place.

Senator Lynch-Staunton: I am glad you are supporting my point, honourable senator, but I wanted Senator Marshall to know this, whether the veterans have an echo of it or not.

In the bill there are at least three clauses which amend the Pension Act, there are two clauses which amend the War Veterans Allowance Act, and two other clauses which amend the Civilian War Pensions and Allowances Act. These amendments clearly extend the purposes and objects of the currently authorized program expenditures under the Pension Act. So it is quite obvious that this bill would have the effect of appropriating public revenues and would involve new charges under the Consolidated Revenue Fund.

There are many rulings on the subject of money bills. There is the one on June 16, 1980, in which the Acting Speaker of the Senate ruled an amendment to the Unemployment Insurance Act. There is also another, on June 13, 1989, which concerned two bills then presented by Senator Marshall.

So, briefly, this is a summary of the argument presented by the Leader of the Government. My submission is that this bill infringes on the financial initiative of the Crown, and it requires, as the Constitution specifies, a Royal Recommendation. It therefore cannot be introduced in the Senate.

● (1540)

Again, I want to reiterate that this stand has nothing to do with the merits of the bill or the intent of its sponsor, but, rather, it concerns the upholding of a fundamental prerogative of the Crown.

So, Mr. Speaker, I would ask that you rule on this particular matter.

[Senator Lynch-Staunton.]

Hon. Gildas L. Molgat: Honourable senators, if Senator Marshall is agreeable, there is an easy way to solve this problem. With the government having indicated support for the principle of the bill, Senator Murray could be substituted as the proponent of the bill, if Senator Marshall agrees, and the matter could proceed. Senator Murray, being a Privy Councillor, could introduce the bill.

Hon. Lowell Murray (Leader of the Government): Money bills must be introduced in the House of Commons, not here.

Senator Stewart: If that is the only problem, Senator Murray can speak to one of his colleagues in the other place. We were told this afternoon by Senator Lynch-Staunton that there is no difficulty with the substance of the bill and that the character of the senator who introduced the bill is, in itself, a powerful factor recommending the bill to the government. Senator Murray has only to speak to his colleagues in the other place, and that silly little formula they now regard as a Royal Recommendation can be provided.

I am sure the bill will advance through the other place quite rapidly. Senator Marshall will then ensure the bill is dealt with quickly in this chamber, and the benefits, of which the minister has told us the government approves, will flow to those deserving people whom Senator Marshall and other senators wish to assist.

There may be a constitutional point but, given the position of the government as stated by Senators Murray and Lynch-Staunton, let us not be stopped by legal requirement that the government can easily overcome.

Senator Murray: Honourable senators, I shall certainly take note of that helpful suggestion and the spirit in which it is offered, and I shall speak to my colleagues about the matter. I am sure they will want to take the matter under consideration.

Hon. Jack Marshall: I thank everyone for the support they have given me, but I wish to quarrel with the fact that it is out of order in its implications as a money bill.

Before dealing with the money bill, however, I want to draw your attention, honourable senators, to certain aspects of procedure in the chamber which I feel will demonstrate conclusively that the point of order raised by the Deputy Leader of the Government in the Senate is not valid.

Senator Lynch-Staunton alluded to the background of the bill, and I want to make it clear, on the record, what happened. I remind honourable senators that I introduced private bill S-21 on May 8, 1991. The bill was put forth to amend certain statutes of Canada to recognize the wartime service of the veterans of the Canadian merchant navy. Immediately after the bill was introduced, the Leader of the Government, Senator Murray, rose on a point of order to challenge the bill on the grounds that it was a money bill. The matter was taken under advisement by the Speaker for consideration at that time. However, due to the fact that prorogation was announced on May 13, Bill S-21 expired. I then reintroduced the bill with substantive changes, not, as referred to, as "slight changes", and it is now called S-5. It was given first reading on June 21.

I want to remind honourable senators that no objection was made by the Leader of the Government at that time nor, indeed, by any member of the Senate on the introduction of this bill.

• (1550)

My response centres on two relevant sections of *Beauchesne*. Section 319 clearly states that the Speaker's attention must be directed to a breach of order at the proper moment, namely, immediately it occurred. It seems clear to me that the proper moment for my colleague to have raised such a point would have been at the moment it occurred on June 21 when Bill S-5 was introduced at first reading.

Honourable senators, I repeat that no member of the Senate raised any sort of breach of order when Bill S-5 was introduced, including the Leader of the Government in the Senate. I note, from his reference to the bill in the *Debates of the Senate* of September 17, that he said, "I thought it was the same bill." The Speaker interceded to remind him that this was a new bill in a new session. It is clear, therefore, that I can introduce another bill containing changes to verify, confirm and to give justice to what I had previously introduced.

In any case, it is clear that the point of order is now being raised at the wrong time under the terms of section 319 and for the wrong reasons.

There is another section of *Beauchesne* which is applicable, section 321, which states that a point of order against procedure must be raised promptly and before the question has passed to a stage where the objection would be out of place. Senator Lynch-Staunton's procedural problems are being raised three months and two days after the time when such a point of order could have been considered raised properly.

I recognize that we were in recess for the summer but on June 21, when I introduced the bill, no one rose on a point of order.

I feel that honourable senators are entitled to hear the second reading debate on Bill S-5. It has been on the order paper for some time now and the entire question of the bill is now at the stage when honourable senators should be giving it their full scrutiny with open, meaningful and substantive debate. I am confident the Speaker will rule in accordance with sections 319 and 321 of *Beauchesne* and that the point of order raised by Senator Lynch-Staunton was not raised at the proper time; it was not raised promptly and the matter at hand has passed to the stage where the objection is entirely out of place.

Turning now to Bill S-5, which is alleged to be a money bill, I would remind honourable senators that contained in the bill is clause 15, to which the deputy leader alluded, which specifically and undeniably ensures that Bill S-5 cannot be erroneously interpreted as a money bill. The clause reads as follows:

> No payments shall be made out of the Consolidated Revenue Fund to defray any expenses necessary for the implementation of this Act without the authority of an Act of Parliament for such purpose.

Legal analyses by respected and well-known legal and legislative experts provides further reinforcement on this point. It is stated that Bill S-5 is a special act introduced by a senator in his capacity as a member of the Senate of Canada. The stated purpose of the bill is to obtain recognition of the wartime service of veterans of the Canadian Merchant Navy by amending those acts of Parliament from which flow the tangibles of that recognition. All that we are doing is asking the government to consider those who are classified as "civilians" for some strange reason or another, to be classified on the same basis as veterans who served and who are entitled to benefits under the Pensions Act or under the War Veterans Allowance Act. Bill S-5 is primarily directed at extending the recognition by putting the wartime service of merchant seamen in the same position as the wartime service of Canadian navy veterans and the cost of the improved status of the merchant seamen will have to be authorized by other legislation.

I liked Senator Stewart's idea and I am pleased that the Leader of the Government in the Senate is willing to consider that.

Clauses similar to clauses 15 have been used in the House of Commons for the past few sessions. I believe they are trying to change the fact that a private member cannot introduce a money bill. For example, Bill C-213, specifically clause 3, which was tabled on May 31, 1991 and has not been ruled out of order, reads:

> No payment shall be made out of the Consolidated Revenue Fund to defray any expenses necessary for the implementation of this Act without the authority made by Parliament for such purpose.

I have also discovered that this same type of clause has been used successfully in the legislature of the province of Alberta over the past 13 years and, in fact, was ruled in order by both Speakers Amerongen and Carter.

The case, honourable senators, is clear. We, in this chamber, by considering this bill, would be accepting our responsibility to represent the cause of a minority group of Canadians to gain their rights.

I appeal to Your Honour to consider the purposes of the bill, which is to grant due justice to that group of merchant seamen, too long forgotten, by allowing second reading of Bill S-5 to proceed with the end objective of recognizing their services and sacrifice for Canada before it is too late.

I might say, honourable senators, that regardless of the rules—and we have just changed the rules, supposedly for the better—and if we are responsible for minority and individual rights, since the government seems to be able to do anything, including changing the rules to suit a particular purpose, then why cannot we? It is for a good cause. It is now 71 years since some of them served, and some of their widows are destitute. I have letters to that effect which I would hope to read during second reading debate.

Honourable senators, we must apologize to the Canadians who served their country under the most dangerous conditions. Let us show them that we, the Senate, can really do something

for those Canadians, as is our responsibility. I remind those who will be dealing with this committee that they should consider this change.

Hon. Senators: Hear! Hear!

Senator Stewart: May I ask Senator Marshall two questions? Am I correct in thinking, as a result of having read the bill and hearing the honourable senator, that the effect of this bill would not be to authorize payments to these merchant seamen but to recognize that the service which they rendered Canada was comparable to that of certain other categories of persons who have the good fortune by reason of their previous service, to be receiving certain benefits?

Senator Marshall: That is absolutely right.

Senator Stewart: I now ask my second question: The honourable senator referred to a private member's public bill in the other place, Bill C-213, which, as I understand it, was not ruled out of order in the other place. Section 54 of the Constitution Act says:

> It shall not be lawful for the House of Commons to adopt or pass any Vote, Resolution, Address or Bill for the Appropriation of any Part of the Public Revenue, or of any Tax or Impost, to any Purpose that has not been first recommended to that House by Message of the Governor General in the Session in which such Vote, Resolution, Address or Bill is proposed.

The fact that the bill in the other place has not been ruled out of order would seem to indicate that a bill in the same form as the one now before us, is not regarded as an appropriation bill in the House of Commons because, if it were, it would have been found unlawful in the House of Commons and would have been set aside. Consequently the question is why we are more sensitive on this point than the House of Commons.

• (1600)

Hon. Royce Frith (Deputy Leader of the Opposition): Especially since the only rule that applies is a rule of the House of Commons.

Senator Stewart: Exactly.

Senator Marshall: I wish I could answer the question. All I know is, they are contemplating changes in the House of Commons and I understand there is deep interest in allowing a member of Parliament to introduce a money bill. I would have to bow to our legal counsel, Mr. du Plessis, who is more aware of the details of it. I am not a lawyer. I bow to your intelligent question and I hope we can clarify that through him.

Senator Stewart: Senator, any changes they are contemplating in the other place are hypothetical. The truth of the matter is that a Private Member's public bill has been introduced in the other place that contains exactly the same words as the clause in this bill and so far it has not been found out of order in the other place. So even under the existing constitution and existing rules of the other place, a bill comparable to yours has not been ruled out of order. The point of my question is clear, is it not?

[Senator Marshall.]

Senator Marshall: I agree with you.

Senator Frith: Honourable senators, I want to intervene on the point of order. It is now 11 minutes to four, which would give me till four minutes after four. I wonder if the Clerk would let me know when I have five minutes left, because it is going to be difficult to make all the points I want to make within 15 minutes; at least, I think it will be. If I have a five-minute warning bell I could then perhaps speed up.

The basis of the point raised by the Deputy Leader of the Government is rule 82:

> The Senate shall not proceed upon a bill appropriating public money that has not within the knowledge of the Senate been recommended by the Queen's representative.

Let us accept that this has not been recommended by the Queen's representative in the usual form. His point therefore must be that this is a bill appropriating public money. He referred to a previous ruling on the aboriginal bill, as we called it at the time, where the Chair pointed out that the rules of the Senate provided that the Senate will not proceed upon a bill "appropriating public money," and which does not have attached to it, of course, the Royal Recommendation.

The point of order raised in the case of Bill S-8 — that is, the aboriginal peoples bill — was that the bill had clauses in it that infringed upon the — and these are important words — "financial initiative of the Crown." The ruling of the chair accepted that statement and went on to state that certain clauses of that bill — which ruling was cited by the Deputy Leader of the Government as a precedent — clearly imposed new statutory duties on the minister and hence on the department. They therefore, in the opinion of the Chair, "infringe upon the financial initiative of the Crown" and are not in order. Those words, "financial initiative of the Crown," are not in rule 82. I think we have to distinguish between two phrases which are used in discussions on this matter, often loosely: first, appropriating public money, which is in rule 82, and, secondly, the financial initiative of the Crown. Both of these phrases are often referred to by the description "money bills," and people frequently repeat the cant that the Senate cannot initiate a money bill and, if pressed to define what a money bill is, are hard-pressed to do so.

The first phrase, the phrase used in rule 82 — that is appropriating public money — comes from section 53 of the Constitution Act which reads: "Bills for appropriating any part of the public revenue or for imposing any tax or impost shall originate in the House of Commons." So to avoid confusion in the latter discussion of the kind of money bill referred to in section 53 of the Constitution, I am now going to refer to a section 53 bill as a supply bill appropriating public money; and we notice that section 53 does not make any reference to recommendation by the Queen's representatives. There is no reference in the Constitution, section 53, about a Royal Recommendation. That reference comes from section 54 of the Constitution which was referred to by Senator Stewart. It is the one that does not talk about any restriction on the Senate; it talks about a restriction on the House of Commons, and says

that the House of Commons cannot adopt any vote for the appropriation of any part of the public money that has not been first recommended. So the "Royal Recommendation" phrase is used in the Constitution only in section 54, not in section 53.

That section, however, also refers to a supply bill, because it talks about appropriating public money. Again, rule 82 of the Senate refers also in its marginal notes to "supply bills." So that section clearly seems to be referring to bills for appropriating, or supply bills — as I believe that, if we are going to be precise about any debate on this subject we should be clear as to what we are talking about.

Where do we get this phrase upon which the point raised by the Deputy Leader of the Government must be based? It must be based on the words "financial initiative of the Crown." In fact, he kept referring to impinging on the prerogatives and financial initiative of the Crown. Well it probably comes from Standing Order 80 (1) in the House of Commons.

I am now reading, not from any section of the Constitution, not from a Senate rule, but from a standing order of the House of Commons.

> All aids and supplies granted to the Sovereign by the Parliament of Canada are the sole gift of the House of Commons, and all bills for granting such aids and supplies ought to begin with the House, as it is the undoubted right of the House to direct, limit and appoint in all such bills, the ends, purposes, considerations, conditions, limitations and qualifications of such grants, which are not alterable by the Senate.

Thus spake the House of Commons. Thus did not speak the Constitution of Canada. Thus did not speak the rules of the Senate. Only a standing order in the House of Commons is the basis for the point raised by the Deputy Leader of the Government. That standing order of the Commons no doubt originated with a resolution in the U.K. That order protects the prerogative of the Crown in financial matters of government and is undoubtedly the source of the expression "financial initiative of the Crown," which are the words that can be the only basis for the point of order raised by the Deputy Leader of the Government. The terms "money bill" and "money clause" are used to describe a bill or a clause of a bill that infringes upon the initiative by imposing a new charge upon a minister or department of government. Remember, that was the key to the earlier ruling on the aboriginal bill.

When referring to the U.K. for precedent, however, we have to be careful to distinguish between the rules applicable today in respect of money bills which have a different meaning in some instances from our use of the expression. Therefore, if it is taken that a money bill or clause attributable to the financial initiative of the Crown refers to one that has its derivation in the standing orders of the Commons, it ought then to be conceded that an appropriation of public revenue is the money bill to which rule 82 of the Senate applied. Indeed, the marginal note supports the view in its reference to supply bills. It is thought unnecessary to use that rule to apply the Commons standing order 80 to prevent a bill, not being a supply bill, from proceeding in the Senate.

It is within the capacity of the Senate to limit its jurisdiction if it so wishes. But one ruling of the Chair already referred to and not later expressed in the rules— and by that I mean the knew rules—does not constitute a precedent; so that, rule 82 of the Senate referring to the circumstances set out in section 54 of the Constitution, as reflected in the standing orders of the Commons, is not the homologue of the Commons' Standing Order 80(1).

• (1610)

Would Bill S-5 fail in the House of Commons because it offends Standing Order 80(1)? In this connection we should note that Bill S-5 appears to involve itself even more with the financial initiative of the Crown perhaps than Bill S-18 did in the last session. The latter bill imposed statutory duties that were seen as imposing a new charge on the department concerned. Bill S-5 deals with pensions and allowances provided for under a number of statutes, and also can be said to impose a new charge upon the public revenue. In this respect it would appear to fall within the description of a limitation set out in a 1918 Senate report. It would create an added expenditure on the public revenue if it merely provided that merchant navy veterans were to receive the higher and more extensive benefits of pensions and allowances under the act being amended to do so; but the bill amends the relevant statutes to recognize the war time service of the veterans of the Canadian Merchant Navy, as stated in the long title of the bill. It avoids imposing an expense on the public revenue by providing in clause 15 that "no payment shall be made." This is the change to which Senator Marshall referred. It states that:

> No payments shall be made out of the Consolidated Revenue Fund to defray any expenses necessary for the implementation of this Act without the authority of an Act of Parliament for such purpose.

Another act of Parliament is required to provide the expenses that would result from Bill S-5. That other act would have to originate in the House of Commons and be recommended by the Governor General under sections 53 and 54 of the Constitution, and Standing Order Number 79 of the House of Commons.

Clause 15 of the bill places reliance upon paragraphs 613 and 614, as found in *Beauchesne* and referred to by Senator Marshall. I would ask senators to look at those paragraphs in case I run out of time. In effect they deal with a bill that does not involve a direct expenditure but merely confers upon the government a power for the exercise of which public money will have to be voted by parliament, which is exactly what Senator Marshall is asking for. It is not a money bill and no Royal Recommendation is necessary as a condition precedent to its introduction.

A bill designed to furnish machinery for the expenditure of a certain sum of public money—and this is the case—to be voted subsequently by Parliament may be introduced in the House without that recommendation of the Crown.

Now we get to the other point raised— and I think I might make this point on time.

The Hon. the Acting Speaker: Senator Frith, I can show you the relevant rule.

Senator Frith: Who is asking that? I am sorry, Mr. Speaker, but not on my time. Any interruptions and questions are included in the 15 minutes.

The Hon. the Acting Speaker: If you hear me out you might alter your attitude. There is no time limit on your remarks under rule 18(3). On an important point of order I am not inclined to cut you short on your argument.

Senator Frith: The clock is not ticking now, I take it. I am obliged to your Honour for that, because I must admit that I certainly did not learn that—in fact, I find these rules so hard to choke down that I am having difficulty learning them.

Rule 18(3) states:

> When the Speaker has been asked to decide any question of privilege or point of order he or she shall determine when sufficient argument has been adduced to decide the matter, whereupon the Speaker shall so indicate to the Senate, and continue with the item of business . . .

That is worse, is it not? I am glad that I have a benevolent person like Your Honour in the Chair, because I would not even be entitled to the 15 minutes. In other words, I could have got up and said, "I want to speak on a point of order." Under the new rules the Speaker could stand up and say, "Sorry, I have heard enough." Then I am through. At least I get 15 minutes.

All right; I had better keep going. Thank you. I take it that you are not saying that you have heard enough yet.

The Hon. the Acting Speaker: Not quite yet.

Senator Frith: That is right. Let it be noted that he said "not quite yet."

Notice that under the new rules—and we have a good example before us now—the Speaker, still appointed by the Prime Minister and not elected by us, can cut off any speaker on a point of order or a point of privilege when he or she thinks enough has been heard. I know that that suits you fine over there for the present, but that might not always be the case.

On December 14, 1988, Bill C-201, entitled An Act respecting Referendums and Plebiscites in Canada on Questions of Public Importance was introduced in the House of Commons. That bill provided in clause 167(4) that the fees, costs,and so on, made pursuant to subsection (1) of that clause be made out of any money that Parliament would appropriate for such purposes. It seems that the bill was allowed to proceed because—just like this bill—it did not say, "You are to do it." It stated, "Make the classification and then you may have to pass a bill that would appropriate money."

It was allowed to proceed. Still, with regard to the exculpatory clauses such as that in Bill C-201 or clause 15 in the bill before us, Bill S-5, it was recorded in the Commons Debates of November 8, 1978, pages 975 to 977, that "similar clauses, whatever their purposes or object may otherwise be, will not be given any consideration in determining whether or not there is an infringement of the financial initiative of the Crown."

There are those words again. Remember that "financial initiative of the Crown" is not found in the Constitution or in the Senate rules, but only in the House of Commons rules. The incorporation of such a clause in a private members bill "cannot be interpreted by the Chair" as an acceptable way of eluding the requirement for recommendation where such recommendation is required—for example, when the bill containing the exculpatory clause is actually a supply bill.

If what I have said is correct—and I believe it is—it may be that this bill might have some trouble in the House of Commons without a Royal Recommendation; but it should have no trouble in the Senate, because there is no constitutional reason for it to have that problem, there is no rule of the Senate under which it should have the problem. If it has a problem in the House of Commons, let it have a problem in the House of Commons. Under the Constitution and under our own rules the Senate is clearly competent to pass Bill S-5 to seek its procedural fate in the House of Commons under the procedural rules of that House—and not the procedural rules of that House brought into the rules of this house.

Senator Lynch-Staunton: Mr. Speaker, I wish to comment on Senator Marshall's contention that the point of order itself may be out of order because it was brought up over three months after a first reading of the bill. He suggests that perhaps a point of order should be raised at first reading, which, obviously, it cannot be.

The point of order cannot be raised until this moment, because second reading took place only recently, Senator Frith having objected to second reading on June 21, 1991. The appropriate pages of the *Debates* are pages 305 and 306.

Senator Frith: He went back even further.

Senator Lynch-Staunton: I would like to have that considered in the assessment of Senator Marshall's argument.

Senator Marshall: I have to respond on Bill S-21. Senator Murray arose on first reading, not second reading. We never reached the stage of second reading, because it had expired, and on June 21, according to *Beauchesne*, you have to bring up your point of order at the moment. No one brought up a point of order.

The Hon. the Acting Speaker: Honourable senators, the Chair will take this point of order under advisement and render a ruling at a later date.

• (1620)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before Senator Lynch-Staunton moves the adjournment of the Senate, is there anything in particular that we should prepare for tomorrow's business?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, we had hoped, and had strong indications late last week, that we would receive some legislation from the other place; but, as of this afternoon, the indication is that there will be nothing sent over this week.

At the end of the sitting tomorrow it is our intention to move that we adjourn for two weeks.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Tuesday, September 24, 1991

PAGE

Distinguished Visitors in Gallery
Religious Delegation. The Hon. the Speaker ... 349
Chairman of Regional Municipality of Sudbury. The Hon. the Speaker ... 349
President of Richelieu Club International. The Hon. the Speaker ... 349

Business of the Senate
Senator Lynch-Staunton ... 349

Insurance Companies Bill
Notice of Motion to Prestudy Bill C-28. Senator Lynch-Staunton ... 349

Cooperative Credit Associations Bill
Notice of Motion to Prestudy Bill C-34. Senator Lynch-Staunton ... 349

Trust and Loan Companies Bill
Notice of Motion to Prestudy Bill C-4. Senator Lynch-Staunton ... 349

Bank Bill
Notice of Motion to Prestudy Bill C-19. Senator Lynch-Staunton ... 349

Business of the Senate
Senator Lynch-Staunton ... 349

Goods and Services Tax
Presentation of Petitions. Senator Hébert ... 350
Senator Frith ... 350

QUESTION PERIOD

Justice
Jurisdiction of Payment of Legal Aid Fees—Government Position. Senator Bonnell ... 350
Senator Murray ... 350

Foreign Affairs
Sri Lanka—Possible Impeachment of President—Human Rights Abuses—Effect of Civil War—Economic Aid and Development—Canadian Role. Sentor Marsden ... 351
Senator Murray ... 351

Agriculture
Special Payments to Producers of Grains and Oil-Seeds—Government Position. Senator Fairbairn ... 351
Senator Murray ... 351
Government Support Programs—Need for Interim Measure. Senator Fairbairn ... 351
Senator Murray ... 352
Senator Olson ... 352

PAGE

Science and Technology
Federal Support for TRIUMF-KAON Project—Expression of Appreciation. Senator Austin ... 352
Senator Murray ... 352

Delayed Answers to Oral Questions
Senator Lynch-Staunton ... 352

Immigration
Phantom of the Opera—Fast-Tracking for Leading Actor. Question by Senator Frith. Senator Lynch-Staunton (Delayed answer) ... 352

Employment Equity
Date for Review of Act—Government Policy. Question by Senator Marsden. Senator Lynch-Staunton (Delayed answer) ... 352

Aboriginal Affairs
Request for Judicial Inquiry into Oka Crisis. Question by Senator Stanbury. Senator Lynch-Staunton (Delayed answer) ... 353

National Defence
Contract to Review Headquarters. Question by Senator Molgat. Senator Lynch-Staunton (Delayed answer) ... 353

Saskatchewan
Francophone Education—Government Position. Question by Senator Molgat. Senator Lynch-Staunton (Delayed answer) ... 353

Agriculture
Duty on Export of Canadian Beans into United States-Duty Free Importation of American Wheat—Government Policy. Question by Senator Molgat. Senator Lynch-Staunton (Delayed answer) ... 354

Immigration
Fast-tracking Treatment for Applicants from Iraq—Government Policy. Question by Senator Bonnell. Senator Lynch-Staunton (Delayed answer) ... 354

Foreign Affairs
South Africa—Removal of Canadian Sanctions—Government Policy. Question by Senator Bonnell. Senator Lynch-Staunton (Delayed answer) ... 354

National Finance
Closure of Bases—Financial Aid to Communities—Opening of GST Office in Summerside—Government Position. Question by Senator Bonnell. Senator Lynch-Staunton (Delayed answer) 355

Foreign Affairs
Canadian Aid to Soviet Union. Question by Senator Olson. Senator Lynch-Staunton (Delayed answer) ... 355

Health and Welfare
Effect of Alcohol on Pregnant Women—Proper Labelling of Products Containing Alcohol. Question by Senator Frith. Senator Lynch-Staunton (Delayed answer) ... 355

THE SENATE

Wednesday, September 25, 1991

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

Prayers.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Tuesday next, 8th October, 1991, at 2 o'clock in the afternoon.

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

Hon. Lowell Murray (Leader of the Government): Before you put the motion, Mr. Speaker, I simply wish to alert honourable senators to the possibility that we may have to return prior to October 8, 1991. Honourable senators are aware that there are labour negotiations going on, between the Treasury Board and the Public Service Alliance of Canada in one stream and between Canada Post and its unions in another.

These negotiations may be coming to a head in the next little while. While we all hope for the best, if the negotiations do not succeed the government will have to consider its position and we may wish to recall the Senate before the October 8 date.

I would therefore ask your Honour to put that motion, after which I have an announcement that I wish to make to the house.

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

Hon. Senators: Agreed.

Motion agreed to.

THE LATE HONOURABLE STAN WATERS

TRIBUTE

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is my sad duty to advise the Senate of the passing earlier today of our colleague, the Honourable Stan Waters, the senator from Alberta. I suggest that we now observe one minute of silence in honour of our late colleague, after which I would propose that the Senate adjourn out of respect for him.

The Hon. the Speaker *pro tempore:* Honourable senators, let us observe one minute of silence in respect for our late colleague.

Honourable senators then stood in silent tribute.

Senator Murray: Honourable senators, out of respect for our late colleague, Senator Waters, I move that the Senate do now adjourn.

The Senate adjourned until Tuesday, October 8, 1991, at 2 p.m.

THE SENATE

Wednesday, October 2, 1991

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

Prayers.

THE LATE HONOURABLE STAN WATERS

TRIBUTES

Hon. Lowell Murray (Leader of the Government): Honourable Senators, all of us are deeply saddened by the death of our colleague, the Honourable Stan Waters.

Senator Waters was a pioneer in this place. While he was appointed in the usual way, on the recommendation of the Prime Minister, he first went through the unprecedented process of being elected by the people of Alberta.

While his final days were painful, it is somehow fitting that he was alive at the time of the tabling of the government's constitutional proposals, including proposals for Senate reform. Senate reform was, as we know from every intervention that he made in this place, a subject very close to Senator Water's heart.

As honourable senators know, Senator Waters had a distinguished career in the Canadian military where he served with the King's Own Regiment and later with the Princess Patricia's Canadian Light Infantry and the First Canadian Force Brigade as well as with various United Nations peacekeeping forces. He retired in 1975 as a Lieutenant-General and went on to become a prominent Calgary businessman. He was one of the founding members of the latest new political party in western Canada.

While Senator Waters sat on this side of the chamber, his ideas on many issues differed greatly from those of many of us in the ranks of the government party. He held his opinions firmly and voiced them strongly in the short time he was here, and I believe he made a significant contribution to our debates.

Senator Stan Waters was respected, admired and liked by everybody in this chamber. We mourn his passing and extend our condolences to his family.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I thank Senator Murray for opening the tributes that we all want to make to Stan Waters. I want to underline that aspect of his intervention that pointed out how quickly Stan Waters became a popular member of the Senate, although he came here, in his own view, under less than favourable circumstances. He thought that, constitutionally, the circumstances of his being here were auspicious, but he felt he would not personally receive a warm welcome from us. In fact, he is quoted as having said that he expected courtesy from us but did not expect that he would be warmly welcomed.

During his short time here he opposed official bilingualism, the GST, most grants to artists and writers, increases in federal spending and universal social programs, to quote an obituary written by Donn Downey of the *Globe and Mail.* However, to get to the point I was just making, Stan Waters said he expected a polite welcome but "I think they won't like me."

The obituary also stated:

> He never acquired the politicians' art of equivocal speaking. "No, I don't speak French and no I don't plan to learn," he told reporters. He said he had once been bilingual "but I haven't used the language in 15 years and at my age I have other priorities."

Stan Waters, as you know, turned the negative criticism of being a representative of the "redneck element" into a positive by stating that if that meant having the kind of convictions that he held very closely, and that were a part of his love for Canada, then he did not mind being so identified.

Senator Waters certainly achieved a great deal in much too short a time here among us. I think we were all looking forward to a long and interesting experience with him. I share the views of Senator Murray that we are all sad that it did not so work out.

I would add that there are those on this side who are better equipped and qualified than I am to tell us about Stan Waters. I defer now to them as I second the comments made by Senator Murray.

Hon. Senators: Hear, hear!

Hon. Joyce Fairbairn: Honourable senators, on Monday representatives from the Senate joined in the final march in Calgary to say farewell to our colleague Stan Waters. His funeral, which was a magnificent tribute by his military comrades, reminded us of the remarkable background of Stan as a soldier, as a businessman, as an active and concerned citizen, and, finally, as a politician.

Long before Stan Waters made parliamentary history by becoming Canada's first elected senator, he had already touched generations of lives here in Canada and overseas in war and in peacetime. He was direct. His views were strong and often unequivocal. However, behind that distinguished bearing was a warm and concerned gentleman with a twinkle in his eye and a truly great sense of humour.

Stan Waters cared profoundly about the health and welfare of his country. That deep sense of personal duty motivated every aspect of his career from the armed forces where he carried the rank of Lieutenant-General, to the business world where he rose to the top of the corporate ranks of the Loram

Group of companies, and to public life which found him in the vanguard of the formation of the Reform Party of Canada.

Stan was a true westerner who felt strongly about the issues that have fuelled the notion in that region that we are not plugged into national decision-making in a meaningful way. When the legislature of Alberta passed a bill in 1989 to permit a Senate selection process involving a direct election, Stan jumped into the fray. He campaigned vigorously, and more than 250,000 Albertans gave him a resounding majority victory.

In the fall of 1990 Senator Waters took his seat in this chamber just in time to do battle against the GST. I recall Stan saying to me at the time as he prepared his speech in that remarkable debate that he was all set: It was blunt, it was to the point, and it would not take up any time, at which point I said, "You're not in the military any more, Stan. What we need is a very long and very circuitous speech." He laughed and said, "I may be 70 years old but in this place I am very young, and I need all the guidance I can get".

The Hon. the Speaker *pro tempore:* Honourable senator, your three minutes have expired. However, I was informed by one of the whips who approached the Chair that honourable senators are willing to grant an extension.

Is it agreed, honourable senators, to grant such an extension?

Hon. Senators: Agreed.

Senator Fairbairn: Honourable senators, I will not impose on the time of the chamber other than to say that Stan Waters made no secret of the fact that his primary goal as a senator in this place was to have an influence in reforming the Senate as an institution. For him, that meant having a Senate that was elected, truly effective, and having an equal number of senators from each province in Canada. With that in mind, instead of retiring, he cheerfully entered the fight. Last week, just before he died, there were reports—and I am told he was aware of this—that the door was about to open to a new phase in constitutional reform that might bring forth part of the Senate reform for which Stan Waters had fought so hard.

• (1410)

When Stan Waters lost his final battle with cancer a week ago, he was surrounded by his family whom he truly cherished. We all join Senator Murray and Senator Frith in offering our prayers and our sympathy to his wife Barbara, their children and grandchildren.

Honourable senators, from a personal perspective, Stan Waters became a very good friend to me here in Ottawa and in Alberta, and I personally will miss him a great deal.

Hon. Finlay MacDonald: Honourable senators, I was in Rome when I learned of the death of Stan Waters. The news cast a pall over the 75 Canadian veterans of the 1943-44 Italian campaign who had gathered there on a commemorative trip. Included in the group were two of Senator Waters' comrades. They were members of a group who, as you may not know, were the only Canadians to lead the Allies into Rome on July 4, 1944, making Rome the first Axis capital to fall, two days before the invasion of Normandy.

As Rome was liberated by the American Fifth Army, they were led by a handful of Canadians who were members of the First Special Service Force. Historians speak of this force as the "elite of the elite". It was the only parachute-ski commando unit of World War II Allied armies. Originally 1,800 in number, the force had a dual nation makeup. Specially selected soldiers from the Canadian and the U.S. armies, wearing the same uniforms, served together without regard for nation of origin, under the direction of officers from either nation.

The specifications for joining this group called for rugged outdoorsman-type soldiers for hazardous duties. The group suffered enormous casualties. As a young lieutenant newly commissioned from PPCLI, Senator Murray tells me—I thought it was the Calgary Tank regiment—Stan Waters volunteered; he was accepted and eventually rose to the command of one of the two battalions of this force. One of the most notable achievements of this group took place on December 2, 1944, when the force was literally roping its way up the massive, formidable Monte la Difensa. This mountain had previously defeated two full divisions. Senator Waters' force took the mountain in two hours, driving the Nazis from the heights and holding the mountain for six days against vicious counterattacks. It was the key to breaking the German winter line, and the entire American Fifth Army moved forward once again.

Then Senator Waters' group were called to Anzio, and spent 99 straight days in the line without relief. It was here that the force was given its German nickname, the Devil's Brigade, after books and movies of the same name. It is no wonder that the remaining small, ragged band of Canadians were to be given the honour of leading the American Fifth Army into Rome. There were other exploits before the force was finally abandoned, launching Major Stan Waters into a courageous and illustrious career.

The Hon. the Speaker *pro tempore:* Hon. Senators, is there leave to allow the honourable senator to complete his remarks?

Hon. Senators: Agreed.

Senator MacDonald: Forty-seven years later, much has been forgotten. I wish I had known Stan Waters longer and I regret that I arrived home too late to attend his funeral. In expressing my condolences to his family I wish to assure them that he will be remembered.

Hon. Colin Kenny: Honourable senators, it is a strange twist of fate that Senator Stanley Charles Waters died on the day he did, for on the preceding day the federal government tabled its new constitutional proposals for a reformed Senate. This had been, as we all know, Senator Waters' raison d'etre ever since he made his political debut two short years ago. One can only speculate on how satisfied Stan would have been with the proposals, but one thing remains clear: Stan Waters broke ground in running a tireless campaign and in emerging victorious in the Alberta Senate election.

Born in Winnipeg in 1920, Stan joined the King's Own Calgary Regiment as a private after studying at the University of Alberta. He volunteered for the newly-formed Canadian Parachute Corps and was assigned to the crack U.S.-Canada Commando Unit, the First Special Service Force. After the war he commanded the Princess Patricia's Canadian Light Infantry and the 1st Canadian Infantry Brigade. He had U.N. peacekeeping assignments and was with NATO in Europe. When he retired in 1975 he was a Lieutenant-General and Commander of Mobile Command—the Canadian Army.

From there, Stan Waters joined the Mannix organization in Calgary and shortly after became president of Mannix's Loram group, the umbrella organization that controls Mannix's assets. He continued in various senior positions until his retirement in 1989.

During the same year, the Reform Party of Canada asked him to run for the Senate. His election was a resounding success, due in large part to his memorable personality traits. Although not always conventional, in the end they added up to a distinct charisma.

Honourable senators, Stan was one of those people who stuck to his principles. He did not just say what he knew people wanted to hear; he said what he felt had to be said with little concern for how it would affect his popularity. Stan Waters was an optimist of the highest order. One aspect of this, and underpinning his political philosophy, was a belief in human ability and in its limitlessness. This led to his having high standards for himself and others. He was once described as having an interesting combination of both patience and impatience. He had patience for just about everyone as long as they were trying their best, and he had no patience for the system or bureaucracy or anything that interfered with getting the job done.

If Senator Waters had a hallmark trait it was that he was a doer. He was not afraid to tackle anything, and never left a job half done. This is one reason why, when he became involved in an organization, Stan often found himself the leader.

Stan Waters applied all of these qualities to his involvement in the community as a whole. Amongst other roles, he was president of the Calgary Chamber of Commerce. He will be remembered for his role in setting up Calgary's first self-help native opportunities committee, to deal with native alcohol abuse in downtown Calgary.

• (1420)

The Hon. the Speaker *pro tempore:* Honourable senators, according to the rules, a senator making an intervention during this time shall be limited to speaking once for no more than three minutes. I know that approval has been given to extend that time to thirty minutes, but I must ask you again, do you want to further extend this time?

Hon. Senators: Agreed.

Senator Kenny: Senator Water will also be remembered for a letter he sent to the *Calgary Herald*, galvanizing the community into action over the financial troubles of the Calgary Stampeders.

On a more personal note, I was a friend of the Waters' family for more than twenty years. Stan's daughter Claudia is godmother to my youngest son, and Stan and Barbara have always gone out of their way to make my family welcome in Calgary. A few years ago, I recall making a short visit to Calgary and accidentally bumping into Stan on a street corner. Typically his first words were, "Does Barbara know you are in town?" He then insisted that we meet Barbara and the family the next morning at 8 o'clock at Lake Louise. We arrived at Lake Louise the next morning at 8 o'clock, and 10 hours and 24 kilometers later, we had hiked through Moraine Lake, up through Larch Valley, over Sentinel Pass, around Lake Annette and down through Paradise Valley.

Honourable senators, Stan Waters' career was marked by bold initiative and well-deserved honour. As a man, he leaves an equally lasting impression: A tireless worker, compelling, honest, genuine and personable. At this sad time, our thoughts are with his family, his wife Barbara and children Claudia, Mark, Virginia and Caroline.

[*Translation*]

THE LATE HONOURABLE JEAN BEETZ

TRIBUTE

Hon. Gérald-A. Beaudoin: Today I wish to pay tribute to a great member of the legal profession who has passed away, the honourable Jean Beetz, who was a judge of the Supreme Court of Canada for 15 years.

Mr. Justice Beetz was a man of many talents. He was an expert on constitutional law, administrative law, civil law and many other areas within the legal discipline.

His greatest contribution, however, which will certainly go down in history, was on the subject of Canadian federalism and the division of legislative powers.

His judgments and opinions on emergency powers, residual powers, labour relations, health, the Criminal Code, trade, administration of justice, the amending formula, constitutional conventions, property and civil law, the principle rules of interpretation the division of powers, and patriation of the Constitution, will be quoted for years to come.

Very few judges of the Supreme Court have given such a clear definition of emergency powers, residual powers and the concept of national interest. Very few have given such a brilliant analysis of a concept that may be a threat to Canadian federalism and a balanced division of powers.

In constitutional law he is part of a solid tradition that includes Sir Lyman Duff, Bora Laskin, Ivan Rand, Louis-Philippe Pigeon and Brian Dickson, to name only those who have already left the Supreme Court of Canada.

Because of the clarity of his style, his elegant turn of phrase, the depth of his knowledge and his brilliant mind, he will go down in history as one of our greatest judges.

• (1430)

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I support everything that Senator Beaudoin has said

about Mr. Justice Beetz. Let me quote directly from what Chief Justice Lamer said in a statement on the occasion of Mr. Justice Beetz's passing, because it is so perfect and concise a description of Jean Beetz.

> He was a fine judge of this court and a fine human being.
>
> The rigor of his reasoning, the precision of his penmanship, the clarity of his composition and the elegance of his expression as well as the impact of his integrity will be missed by all Canadians.

Jean Beetz was indeed a fine judge and a fine human being. I can attest to the validity of both those attributions. Moreover, Senator Beaudoin has told us why we can all attest to his status as a judge.

I did not know Mr. Justice Beetz well, but he was a valued acquaintance and, I should like to think, friend. I used to see him, outside legal circles, at Le Cercle Universitaire where he, being a bachelor, would often dine by himself—usually reading, but not law books. As I often did the same thing—that is, I would dine at Le Cercle—it became a sort of tradition that I would stop by his table or he would stop at mine, as either one was leaving, and we would chat not for a long time but, for me, a rewarding time. Over the years I came to admire and respect him greatly.

Our conversations usually turned to literature. I am obliged and indebted to him for the many directions and recommendations he gave to me in the field of French literature. He was a man of very evolved and finely tuned intellect and sensibilities; a man of excellent character and manners—indeed an inspiration.

The rule of law is an important aspect of the life of every civilized community. Certainly it is an important part of Canadian life and an important part of our heritage. Canada and the rule of law have lost a truly great jurist, and all Canadians have lost a fellow Canadian of the highest character, intellect and sensibilities. Our society is thus diminished.

[*Translation*]

THE HONOURABLE ROYCE FRITH
THE HONOURABLE GILDAS L. MOLGAT
THE HONOURABLE JACQUES HÉBERT
THE HONOURABLE ALLAN J. MacEACHEN, P.C.
THE HONOURABLE WILLIAM J. PETTEN

FELICITATIONS TO NEW LEADER, DEPUTY LEADER AND WHIP OF OFFICIAL OPPOSITION—TRIBUTES TO FORMER LEADER AND WHIP OF OFFICIAL OPPOSITION

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, on Monday, the Hon. Jean Chrétien, Leader of the Opposition in the other place and national leader of the Liberal Party, issued a press release in which he informed us of certain appointments related to the leadership of his Liberal colleagues here in the Senate.

Senator MacEachen and Senator Petten leave the duties which they have performed with such distinction for quite a while.

[Senator Frith.]

Senator Frith is promoted to the position of Leader of the Opposition in the Senate, Senator Molgat is appointed Deputy Leader of the Opposition and Senator Hébert becomes Chief Whip of the Opposition in the Senate. I wish to congratulate all those affected by this change: those who are leaving for their perseverance over the years and those who are taking over for their dedication.

The responsibilities that fall on the holders of these positions are not easy and are not always pleasant either.

[*English*]

No one has ever done a difficult job more pleasantly, or made more friends while doing it, than our friend, the retiring Whip of the Liberal Party, Senator Bill Petten.

Hon. Senators: Hear, hear!

Senator Murray: He has not only endured a succession of Liberal leaders with good humour and long-suffering, he has also had to work closely with Conservative whips such as Senator John M. Macdonald and Senator Gordon Phillips, and has even been known, once or twice, to bring a smile to the lips of both of those colleagues, which is something that those of on us on this side have sometimes difficulty doing.

Senator Frith has a very long experience in this place. It is not for me to comment one way or another on an appointment which is Mr. Chrétien's prerogative, but I must say that if ability, and loyalty and diligence are to be respected and honoured as they should be—and I say this with great respect to other Liberals—when the time came and Senator MacEachen decided to step aside, it would have been a travesty to have appointed anyone but Senator Frith to that post. I must say that Mr. Chrétien did not ask for my advice in this matter, but had he done so, Senator Frith would have been my choice.

[*Translation*]

In the same vein, honourable senators, I congratulate Senator Molgat on his appointment. He can boast a long experience as a parliamentarian. He proved himself as a leader in his province of Manitoba where he held the post of leader of the Liberal Party and leader of the opposition in the Manitoba legislature.

[*English*]

I think it is very good—good for the Senate and for Parliament—that Senator MacEachen is remaining as a member of this place and will continue to speak out as he has done on many of the great issues of the day and on issues of particular concern to Nova Scotia.

I think I have been present in this place for almost all of Senator MacEachen's major interventions, his major speeches in this place. I have certainly tried to be. His speeches are always interesting and valuable because he does us the honour, and Parliament the service, of working on his speeches. They are interesting, not because he has made up his mind on every subject but because he has not, and because in the search for answers his speeches always serve to illuminate the problem and to bring a great thoroughness and a capacity for analysis and an experience to bear on these subjects that is extremely valuable to any discussion of public policy. I look forward to

hearing many more of those speeches, whether on social and economic policy, regional development or, indeed, on international affairs from Senator MacEachen in the years just ahead.

Honourable senators, on behalf of everyone on this side, I congratulate all those involved in the appointments on the other side of the house and wish them every success in the performance of their duties, and every personal satisfaction in that way.

Hon. Duff Roblin: Honourable senators, it is probably not customary to have many speeches on an occasion such as this but since I was in at the début of my friend, Senator Allan MacEachen, in my role as Leader of the Government in the Senate, I feel qualified to say a word or two about him.

Allan MacEachen came here trailing clouds of political glory from the House of Commons with a reputation as a serious national politician who was able to provide leadership of no uncommon measure, not only to his own party but indeed to the public interest generally. I found that that reputation was fully deserved because, in the couple of years that he and I shared the responsibility for the leadership in this house, I found him to be an able, competent, and certainly highly experienced parliamentarian in every sense of that word. I join with what my leader has said in an appreciation of the contribution that is involved when Senator MacEachen makes a speech in this house.

I am delighted to know that, although—if I may use a phrase that was suggested to me recently—he has "decommissioned" himself as Leader of the Opposition, he will take a more active interest in the constitutional problems that are engaging us now. I can think of no one, frankly, regardless of politics, who has more to offer in the development of a sound policy with respect to the reform of the Constitution than my honourable friend. I am glad to know that he is continuing his interest in that respect.

I think it is appropriate, while I am on my feet, to echo the words of appreciation to the contribution of Senator Petten as Chief Whip of the other side, to salute the arrival of Senator Royce Frith to his present position, which I think becomes him, and to say that I am well qualified to give an adequate testimonial to the Deputy Leader of the Opposition, because we have exchanged views on a multitude of subjects over the years and I know him to be competent and able, and I expect that he will continue to display these qualities in his new position.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I suppose the really impressive thing for me to do on this occasion would be to say nothing. However, I doubt that anyone really expects me to impress them in that way; I am sure they would expect me to try to impress them in other ways.

I find, as perhaps we all do, the task of saying something both appropriate and adequate about Allan MacEachen quite intimidating. Normally, such circumstances would not intimidate me; there are situations that do, but this sort of thing is not one of them—and yet I do find this intimidating. I say that, because Allan MacEachen's career as a Canadian, that is his career in politics, is, I venture to say, not just one of the greatest but perhaps the greatest in Canadian political history. All one need do is apply the criteria: the length of service; the accomplishments; the honour, the respect and, in some cases where appropriate, the fear of troops of Canadians over the decades—and that's what we are talking about: decades.

• (1440)

To put it simply, in my esteem, and I believe the esteem of many Liberals, Allan MacEachen is the chief emeritus of the Liberal Party, the godfather, the patron—reach for a thesaurus, honourable senators, for other expressions equally descriptive in admiration of his career and his person.

We should also record here today, as this is probably the best opportunity to do so, the fact that he is entitled to the credit or, if some honourable senators feel otherwise, discredit of having reformed the Canadian Senate, both internally and in the eyes of the public, more successfully in seven years than generations were able to do in the 120-odd years which preceded. I believe that that reformation has been to the benefit of the Senate and of Canada. I believe all of us as senators on whatever side have gained status in the eyes of our fellow Canadians as members of the Canadian Senate because of the prominence that he gave to us.

In a personal context, I can say that the past seven years spent working for and with Senator MacEachen have been the best seven years of my life—and I have had a pretty good life. I have done a number of things that were exciting and stimulating. Yet, none of them reached the depth of enjoyment that I experienced in working with Senator MacEachen.

I have learned much from him. I am sure I have not learned enough. However, I feel I will be able to continue to learn, because one thing I learned from him was strategy, and one of the first strategies I implemented was to ensure that he sit right next to me so that I can continue to learn.

During my career I have instigated a number of undertakings. Among them, and I have mentioned this to my colleagues, I have begun a small collection of sayings—not the sayings of Mao, but the sayings of A.J. These include several of his incisive remarks made during the course of our talks over the years. One that came to me during the last few days appeals to me because of its particular application to me now. I do not suggest that it applies to anyone else in this chamber. I do not recall the precise subject we were discussing, but he said: "In politics, one can aspire to the highest office without any reference to either experience or ability." You can imagine how encouraging I found that in the earlier days.

I know that Senator MacEachen will continue to have a great influence on me and, I believe, on our side and on the Senate—certainly on the Liberal Party. I believe his influence will even extend to the country. He will have that influence because of the stature he has gained in the "old-fashioned way": he earned it!

Hon. Senators: Hear, hear!

Senator Frith: Honourable senators, may I also say just a word or two about Senator Petten? Because I have known him for such a long time, I wish to acknowledge how much I owe him for all the help he has given me and for all the enjoyment he has given me in working with him; for all the laughs, all the fun and all the work we have done together, if such enjoyment can be called work. Senator Petten took me under his wing when I first arrived. He said to me, "Me son, you'll find around here that the pay's not very good, but the hours aren't bad." I do not criticize him for the fact that it soon developed that the pay stayed exactly as he had described it but that the hours increased significantly for me.

Probably one of the best tributes that can be paid to Senator Petten, because it epitomizes everything that can be said, is that in spite of the fact that he has occupied one of the most difficult jobs in interpersonal relations, namely, whip, for over 17 years, everybody still loves him.

Hon. Senators: Hear, hear!

Hon. Jerahmiel S. Grafstein: Honourable senators, I would like to make some comments about Senator MacEachen.

Allan J. MacEachen; what a stirring name and what a stirring personality! Born in impoverished yet enlightened circumstances, by his own wits he became, in turn, brilliant academic, Celtic linguist and historian, theologian, economist, elegant strategist, social reformer, parliamentarian par excellence, master reformer of the Senate, born policy thinker, restoration man, orator extraordinaire, and, of course, Liberal.

Above all, I have come to admire his capacious mind, his original turn of thought and, under the glare of public stress, his poise under pressure that enabled him, almost on his own, to change the public agenda in the context of public debate in the country.

His extraordinary career from academics to politics could be summarized as follows: success, failure, success, failure, success, partial retreat, restoration, success, setback and, finally, unrepentant triumph.

Several years ago, I was requested to toast Senator MacEachen at a dinner and I discovered that the J., his middle initial, stood for Joseph. This Joseph, like his biblical namesake, was fated to lead his flock in the Senate through traumatic times, years of plenty and years of scarcity. He has set the stage for his party's return to the Promised Land not once but twice, the difference of course being that in the Senate he will witness and participate in the second return.

Since the media have a delight in simplicity, they have referred to some of us as "Trudeau Liberals". In the past, we were called "Pearson Liberals". More appropriately, perhaps, the media should designate us here in the Senate as "MacEachen Liberals".

Well, Allan, you are here. You are unrepentant. You are unbowed. The best is yet to come!

Hon. Senators: Hear, hear!

[Senator Frith.]

Hon. Allan J. MacEachen: Honourable senators, if I could have postponed this afternoon indefinitely, I would have done so. But I knew that if I stayed away from the Senate for several days that possibly my absence would be misinterpreted. Therefore, I had to face up to what I consider to be wholly exaggerated comments about my career. Nevertheless, I thank those who have spoken, and also those who have not, because they are the ones, probably, who would have told the truth, and were kind enough to restrain themselves.

• (1450)

When the membership list for the constitution committee was put together in June, I allowed my name to be included on the list in the expectation that when the committee began its work I would be free to become an active member. That has happened, thanks to the cooperation of Mr. Chrétien. I now intend to devote as much attention to that important work as I can.

The years that I have spent in the Senate have been eventful years for me. There have been controversies. During those years, it is possible that the sensibilities of other senators and of many people in the media have been injured because they held a view of the Senate which I did not share. My view was to realise the legislative potential of the Senate, and I attempted to realize that potential. Not everyone agreed with my view. Nevertheless, it has been an eventful and interesting time.

However, when we speak of the Senate and of Canada, I prefer to look to that future, rather than to dwell on these past years. They will likely become relatively uninteresting if the constitutional process upon which we are now engaged succeeds. There is a strong possibility that included in those successful negotiations will be a new Senate; a second chamber what will be elected; that will have adequate powers; that will be representative of all the regions of Canada; that will add a new dimension, a new flavour, and a new reality to the Parliamentary institutions of our country.

That is the future that I like to contemplate, that within the next few years we could have in this chamber persons elected; persons with the capacity to have a real impact on legislation; persons who need not apologize or defend their legitimacy in every instance. If I can do anything to bring that about, I will do so. However, that is only one of the challenges that we all face at this time.

Having said that, I would like to thank Senator Roblin and Senator Murray, with whom I have had an active working association in these years. Together we struggled to deal with the problems of the Senate. I found each of them not only combative as required but cooperative as required. I regret that Senator Doody is not present because he provided a humour and a deft, human touch that helped all senators. If it were possible to make the business of the Senate more agreeable at all times, and even at our worst moments less disagreeable, then Senator Doody was the man who accomplished that. I thank him as I thanked Senator Murray and Senator Roblin.

The new team of Senators Frith, Molgat, and Hébert, by their service, certainly deserve the new responsibilities they

have undertaken. I hope that they are as excited in taking on their new responsibilities as I am in leaving. I assure you that I look forward to a new phase in my life, and to not carrying the burdens which they will now carry.

Each of them is a purebred senator. I was never a purebred senator because I was hybrid, tainted by the practices and the attitudes of the House of Commons. That was a real handicap when I joined the ladies and gentlemen of the Senate. To think that a commoner would come here and attempt to bring with him the practices of a popular chamber. The new team does not have those disabilities. They have never been in the House of Commons. They are purebred senators and gentlemen. I do hope that they have been slightly tainted over the past seven years. I wish them all success.

All my colleagues have been quite remarkable in their work, in their dedication and in their support. Some are no longer here, having either passed away or reached their retirement. I think of Senator Ian Sinclair who was not a politician in his previous career but was a remarkable senator who joined in and worked until his retirement. There were many other senators who made similar contributions.

I can only say thank you to each one of my friends on this side of the house for their help. Senator Petten has been a wonderful colleague. I thank Senators Frith, Grafstein, Roblin and Murray for their comments.

Honourable senators, I have been asked a lot of exasperating questions by the press such as: Why are you leaving? How does it feel to be riding off into the sunset? How does it feel to be leaving the spotlight? I paused and I answered: "I think I will take it with me."

Hon. William J. Petten: Honourable senators, I just have one thing to say to my colleagues on both sides of this house: Thank you.

ADJOURNMENT

NOTICES OF MOTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I give notice that on Thursday next, October 3, 1991, I will move

> THAT the Senate suspend rules 61 and 2 and rule 14 for the duration of the period commencing upon the adoption of this Order and concluding no later than 2 o'clock, Monday, October 7, 1991.
>
> Unless otherwise previously ordered,

• (1500)

> THAT when the Senate adjourns on Friday, October 4, 1991, it shall stand adjourned until 12 o'clock noon, Saturday, October 5, 1991.
>
> THAT when the Senate adjourns on Saturday, October 5, 1991, it will stand adjourned until 12 o'clock noon, Sunday, October 6, 1991.
>
> THAT when the Senate adjourns on Sunday, October 6, 1991, it shall stand adjourned until 9 o'clock a.m., Monday, October 7, 1991; and
>
> THAT if the Senate is still sitting at 2 o'clock p.m. Monday, October 7, 1991, it shall continue sitting until the time provided for at the adjournment on the said day.

[*Translation*]

THE RAILWAY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-11, an Act to amend the Railway Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, with leave of the Senate and notwithstanding rule 58(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*English*]

PUBLIC SECTOR COMPENSATION BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-29, an act respecting compensation in the public sector of Canada and to amend another act in relation thereto.

Bill read first time.

SECOND READING

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we are not objecting to giving leave to proceed with this matter now because we believe it is important that we move it to the Committee of the Whole as early as possible in order to hear the representatives of the union and the Minister on this matter. We are prepared to proceed with leave and then, after second reading, to go directly to Committee of the Whole.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave, I move second reading.

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

Hon. Senators: Agreed.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, Bill C-29 before us today was not totally unexpected. In fact, it was the outcome of a long series of unsuccessful negotiations with the Public Service Alliance of Canada. There were 60 days of bargaining and 30 days of conciliation, and then early in September, these 156,000 people went on strike.

The government maintains it bargained in good faith with PSAC, as it did with other unions, four of whom signed agreements that complied with the government's wage policy as set forth in the Budget brought down by the Minister of Finance last February.

[*English*]

We have seen a strike, a return to negotiation, and then a return to strike action. Each of these actions has had serious consequences throughout the country and on a number of sectors of the economy. There comes a time when the government must decide what is in the public interest. In this case it has decided that certain essential services such as transportation, customs, hospitals and the agricultural sector have been disrupted enough.

It should be borne in mind that the government is also responsible for implementing the country's budget and for carrying out its wage restraint program. The need for that program was prompted by our difficult economic situation, an economic situation caused by ongoing inflationary pressure and an overwhelming public debt weighing so heavily on public finances that only a frontal attack on the annual budget would begin to bring it under control. I have no doubt that serious analysts of Canada's economy will recognize that for some time now in Canada, there has been a need for energetic measures if we are to overcome the problems we face. It is not possible to remain indifferent or unconcerned for long when annual wage settlements are in the range of 5 and 7 per cent in the private sector of the economy, while the rate of real growth is 100 per cent lower—that is, between 2 and 3.5 per cent. We can fool ourselves for a year or maybe two, but at some point the moment of truth arrives and we find that the average rate of growth of productivity has declined from decade to decade and we are losing ground among the industrialized nations. At that point the time has come to act because in the long run it is our standard of living that is at stake.

Of course, Canada's position among the developed nations of the world is still acceptable, but in today's world with its intensive competition it is vital at this stage of our economic development that trading nations such as ours maintain their ability to produce a trade surplus.

The government's economic policy has attacked this problem from a number of directions, and Canadian businesses and taxpayers are aware of this. However, it also has to take action within its own expenditure programs. One area in which it can act is in its role as employer, but this is not the only area, as a review of the February budget certainly shows.

[*Translation*]

All members of the Public Service were publicly warned more than six months ago, in fact, as early as February 20 this year, that any wage increases negotiated in 1991-92 would necessarily lead to a corresponding loss in the number of jobs, at the time estimated at 6,000 out of a total of 225,000, but in any case, no annual increases would exceed 3 per cent. Employees were also told that the next few years would also be subject to the rule of a maximum annual increase of 3 per cent.

Since it proved impossible to cut jobs, it was necessary to impose a zero per cent increase for the first year of the program.

In the public sector, the years of abundance are over but everyone knows where this so-called abundance, which was not altogether genuine, has brought us.

However, Public Service employees should not lose sight of the fact that nowadays, keeping one's job is quite a feat when we know what is happening in the private sector. Last year, 230,000 people applied for jobs in the Public Service, which is some indication that public servants are in an enviable position.

To provide a broader perspective, honourable senators, I would like to submit a few statistics: out of the 156,000 people who are members of the Alliance, 46,000 are designated essential to health and safety and do not have the right to strike. They include the people who issue income security cheques for the unemployed, veterans and so forth. This group also includes employees on duty in hospitals and also nurses, who were prevented from going into work the day before yesterday at the Sainte-Anne-de-Bellevue veterans' hospital, for instance.

There are more than 25,000 employees in the Public Service that can't be subject to collective bargaining. This bill is not aimed only at the unionized people: it applies, without discrimination, to 390,000 employees and agents of the public sector, including ministers, members of Parliament, senators, armed forces personnel, RCMP and numerous Crown commissions and agencies enumerated in the annex to the bill which, incidently, give us an idea of the scope of our Public Service.

So, the government is not trying to get even with a particular group. He is doing his share as employer to control inflation, to reduce the deficit and eventually to solve the big problem of the public debt. Honourable senators, let me remind you that a $200 billion debt at a 10 per cent interest rate translates into a $400 billion debt over a period of seven years.

The bill extends for a period of two years every collective agreement and compensation plan. Therefore, any present strike movement becomes illegal. Fines can be imposed to those who do not comply with the legislation, and those fines can be deducted from the membership dues.

You will recall that in mid-september, the government had left the door open to discussions on other issues: benefits, including medicare, disability insurance, dental plan, wage equity, job security and subcontracting. For wage equity alone, the government has already spent $317 million on 73,000 civil servants, and has clearly indicated that an additional $80 million was budgeted for that item. We can only regret the absence of agreements on these issues, especially since the average annual salary is $37,600 in the Public Service and $33,000 for the members of that union. Indeed, in the circumstances, it seems to me that an endless struggle by the civil

servants for an additional 1 or 2 per cent is a bad calculation given our tax system. Such a behavior is unexplainable in Quebec for example, when seven provincial governments (Nova Scotia, Saskatchewan, Manitoba, Newfoundland, New Brunswick and British Columbia), struggling with their own budget, have made decisions patterned on the federal action. I want to emphasize the fact that even in Quebec, where there is a strong tradition of union activities, the three groups of affiliated trade unions have accepted such a measure, that is a 0 per cent raise for the first six months.

• (1510)

[*English*]

What is sometimes ironic is that the Alliance itself came away from a meeting in April at which its members decided to reduce union expenditures, to increase dues and to eliminate 20 positions. It took these steps for the same reasons that the federal government outlined last February for its own personnel.

The wage control program should allow the government to save $675 million this year and $3.5 billion over five years. This will not solve the problem of the deficit, but it will reduce it that much more.

This measure, along with the others, including the lowering of interest rates, the elimination of 475 management positions, the drop in the growth rate of transfers to the provinces, the freeze on program expenditures, and the elimination of positions within the Bank of Canada itself, should help turn the situation around after the excesses of the past few decades.

Some are saying that members of Parliament have been treated more generously than the public service. In actual fact, since 1984, wage increases in the public service have exceeded those of members of Parliament and, if public service wage increases have been below the average wage increase in Canada, it is because the average wage in the federal public service, including the considerable fringe benefits, was higher at the outset than the average wage of Canadians.

Between 1984 and 1990 the rate of inflation rose 29.6 percent; wages in the public service rose 25.5 percent; and wages of members of Parliament rose 17.6 percent. As for employees at the bottom of the wage scale, an amendment introduced after the tabling of the bill provided for a lump sum payment of $500 to 35,200 permanent employees earning less than $27,000.

To conclude, I wish to repeat that the government, in tabling this bill, is trying to restore order to Canadian public services which were disrupted in September and to put an end to the serious consequences that this disruption has caused to both private and corporate citizens.

Secondly, the wage restriction that the Government of Canada is imposing is part of its plan for economic recovery which, as we all know, has been slower than expected and more difficult than we had hoped.

It is the government's responsibility to set an example of what it has been telling Canadians for a number of years. There is a need for each and every Canadian to make significant sacrifices if Canada is to retain its standing with the best of the industrialized countries of the West.

Lastly, we recognize that this action is not popular among public service union members, but the public interest requires that we adhere to these restrictions which, while difficult, are vital to the public good.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the Opposition in the House of Commons and in the Senate— the Opposition in Parliament— has been unremittingly opposed to this bill in spite of everything Senator Bolduc has said. Why? Let us look first at the important highlights of this bill.

The bill precludes any dispute resolution mechanism such as conciliation, mediation or arbitration. These are all mechanisms or processes won after hard fights over the years to establish rights to conciliation, mediation and arbitration in the case of labour disputes.

The bill allows the government to continue to play games with who gets rewarded and who does not, because bonuses are not affected. The Treasury Board can change classifications and exempt any employee or group of employees at any time. Is that fair? Is that a good bill? Does a good bill say things like that?

The wage control policy is being applied rigidly only to the lowest paid employees; hence, the government's political game-playing will ensure that higher levels receive lump sum payments, bonuses and reclassifications.

Another feature of the bill is that by exempting contractors from any aspect of the legislation, the government is clearly showing that it has an interest only in politics and not in the deficit. Contract costs last year far exceeded the total payroll of the employees now on strike. Of course, the government has complete control over who gets contracts. They are not covered.

Although the act will eventually apply to MPs, senators, presidents of crown corporations, senior managers, etcetera, that will only occur next year when inflation is expected to be much lower.

Another reason is because it is felt that this is part of a sinister strategy. Note how it has evolved. As a first step, the government lays the groundwork for its unfair legislation by making a provision in the budget. Having laid that groundwork, the government then comes along and imposes the unfair consequences of the bill and uses as its excuse, "What could we do? It is in the budget." But who put it in the budget? The government put it in the budget, and it then serves itself later by saying "It is in the budget." Has the government been negotiating fairly, in accordance with the traditions of fair bargaining established over the years and fought for over the years, and in many cases assisted by supporters of the government as a necessary and important part of the rights of all Canadians? The government has given mostly lip service, it seems, because, on the afternoon of September 16, 1991, the Public Service Staff Relations Board rendered a decision

pertaining to the then current round of negotiations between the Treasury Board and the Public Service Alliance.

• (1520)

What happened is that the Public Service Alliance lodged a complaint with the board on September 10, 1991, stating that the Treasury Board had bargained in bad faith and had violated section 51 of the Public Service Staff Relations Act. The Alliance argued that the employers' negotiators had made it clear that a condition for dealing with any proposal was that the union first had to indicate acceptance of the employers' zero, three, three, wage-restraint program. What kind of bargaining is that? That is the sort of bargaining that says, "We are prepared to talk and bargain but we are not prepared to budge." What is the point of bargaining with no budging on the side of one of the bargainers?

So the Alliance claimed, understandably, that by maintaining the precondition the employer denied the bargaining agent the ability to represent its members during negotiations and frustrated the entire collective bargaining process.

Honourable senators, let us remember that to put oneself in the position of being a bargaining agent is not a simple matter. To acquire the right to sit down and legally to bargain, to bring into play all the mechanisms that have been developed over the years to ensure bargaining in good faith, is not an easy process. The mandate that is given is hard won; it is given as a result of all the effort that goes into establishing a bargaining unit, organizing the bargaining unit, electing an executive and authorizing bargaining. The rights that are acquired are hard fought for and difficult to acquire. Over the years the Alliance has achieved that for the purpose of being allowed to sit down and use the law to bargain in good faith, only to be told by the other party, with all the authority, the stature and all the muscle that a government has, that "This right to bargain, for which you have fought so hard to gain, gives you the following right, namely, the right to sit down at the other end of that table and agree to whatever we want, because we will not bargain." That is upsetting, to say the least. Wherever did the government find the definition of the word "bargaining" that enabled it to say that it was bargaining when it was really saying, "You first have to agree that we will not be budging."

What did the Public Service Staff Relations Board do? It ruled in line with the decisions by the Ontario Labour Relations Board and the British Columbia Court of Appeal, which held that to insist on preconditioning before bargaining for a collective agreement is contrary to the requirement of bargaining in good faith. Is that surprising? It seems perfectly logical and reasonable. It was a reasonable, logical and justifiable position for the Alliance to take. Not only was it reasonable, logical and understandable for the board to so rule, but it was also supported, as one would expect, by precedence by the Ontario Board and the British Columbia Court of Appeal.

The board said:

> The insistence on conditions precedent to negotiating terms and conditions of employment at the bargaining table is incompatible with the requirement to make every reasonable effort to negotiate a collective agreement. Accordingly, the Board declares that the employer has acted contrary to section 51 of the Act . . .

That is, our statutes. It continues:

> . . . and orders the employer to comply with section 51 of the act.

Namely, to bargain in good faith, but having launched this sinister strategy of giving itself an excuse in advance by putting provisions into the budget—and let us remember exactly what that was—the government clearly stated its decision not to bargain in good faith. On February 26, 1991, the Minister of Finance, Michael Wilson, presented his seventh budget in the other place, one which he characterized as a "Plan for Economic Recovery". In other words, after six years and six budgets, he had guided the Canadian economy—what a confession this is—into such a state of disrepair that he now had to come forward with a plan for its recovery. He put into effect a plan to repair the damage that his own prior policy had caused. A short time after presenting this plan, he stepped aside, leaving his colleague, Mr. Mazankowski, to implement it. Though Canadians were undoubtedly relieved that Mr. Wilson would no longer be crafting any more budgets, especially ones that produced these kinds of consequences, nevertheless they continued to pay for his previous failures and to suffer his painful legacy. One group in particular was lashed by Mr. Wilson to the recovery wagon: namely, the public service.

• (1530)

One of the most sinister aspects to this legislation is the inequitable application of the legislation as between those at the top and those at the bottom. In his budget Mr. Wilson observed that since 1987, wage settlements for government employees ". . . . have been lower than those concluded in the private sector and by provincial and municipal governments." That is the same Mr. Wilson saying that in 1987.

Let us now go on "fast forward" to 1991. In his 1991 budget Mr. Wilson said that he was determined that not only would this trend continue but it would be exacerbated. He announced:

> The wage budgets of departments will not be adjusted in 1991-92 for any increases in costs arising out of new collective agreements.

That is the man who said, in 1987, that the public service was behind the private sector and now says, having established that, that there will be no upward adjustments. The quote continues:

> Departments will have to absorb any such higher costs from within existing budgets.
>
> Each increase of 1 per cent in average wage settlements across the public service could lead to a loss of about 2,000 jobs.
>
> Over the next three years, the government is not prepared to contemplate wage increases beyond 3 per cent at an annual rate.

This is 1991, and he is telling this to public servants who, he has already acknowledged, are behind the private sector.

But now we find that even this guideline, which means wage increases of 3 per cent per year for the next three years, is not to be followed—at least not by this legislation. What we have before us is a bill that in the first year provides for no wage increases. A wage increase of zero per cent. What sort of double talk is that? Is zero per cent an increase?

Senator Stanbury: Zero growth.

Senator Frith: Yes, it is another of these euphemisms, as Mr. Lapham of *Harper's* says of our language, that has "gone rotten" in the euphemisms of "bureaucratese", an increase of zero per cent. With inflation running at an annual rate of close to 6 per cent, does anyone, no matter how they feel about this legislation, have any difficulty understanding the frustration of public servants? That frustration does not arise just out of the fact that their wages are being frozen, but, notwithstanding protestations to the contrary, as I have pointed out, also out of the fact that the government is enforcing its policy on a very selective basis.

In the May 9, 1990 issue of Senate *Debates of the Senate* there is a very interesting answer to a question asked by Senator Olson on the salary range of the Governor of the Bank of Canada. In 1984 the salary range of the governor was $97,090 to $114,060. By 1988 that range had increased substantially. The bottom end of the range increased from $97,090 to $162,000. That means if the governor was at the bottom end of the salary range in 1984, his salary increased by a minimum of $64,910 in four years. The top end of the salary range increased from $114,060 to $243,000. Yes, $243,000; an increase of almost $130,000 in four years. If the governor was at the top range in 1984, his salary had more than doubled by 1988. I can only wonder—and we cannot find out, of course—exactly what the governor's salary range is today.

The point of this dissertation is not to suggest or attempt to prove that the governor of the bank is overpaid. He may not be overpaid. The point is that that kind of increase, earned or not, is not matched in any way by those at the bottom of the scale. That is why we have a large number of very angry public servants across this land. Their anger would be better contained if they knew that everyone had been doing their share.

Can we say that everyone who is in the public service has had their increases, has had their salary dealt with, has had their rewards for their efforts, which are just as well-earned as those of the Governor of the Bank of Canada? Are he and his colleagues the only ones who have earned their salary, and earned their salary increases? Did those people who worked just as hard at their particular jobs not earn increases also? Apparently not.

These people know that everyone has not been doing their share. They know that there is a select group of individuals serving the public whom the government rewards most handsomely—perhaps with good reason, but that that same reason is not applied to the rest. They get the back of the government's hand. Those who really get the back of the hand are the ones who are already down and cannot afford to get along on what they are making at the present time. That is what is wrong with this legislation. We are told that the wage freeze applies to everyone, and so is equitable. Notice the slight, but again very sinister, shift in logic: The wage freeze applies to everyone and thus it is equitable.

If I had been the Governor of the Bank of Canada since 1984, I think I could live with a wage freeze this year. So could I if I were in the category that has had those kinds of increases. But if I were a typical federal public servant whose wage increases have been running at less than those of the private sector, I would feel different.

How do we know that? Because Mr. Wilson told us that; that is how we know. Is this an exaggeration? Are we making undue, unfair allegations? Are we basing our opposition to this legislation on some esoteric, maneuvered and manipulated figures? No. If I were a typical federal public servant my wage increases would have been running at less than those of the private sector and other governments for some years. I know because Mr. Wilson told me so. I would have a somewhat different attitude about a wage freeze were I to become aware that those were the facts that applied to me, but not the doublings and exponential increases granted to the governor of the bank and others.

That attitude would have hardend even more had I learned in March of this year, on the day prior to Mr. Wilson's budget, that 42 senior executives of crown corporations and government agencies were awarded by Cabinet a retroactive 4.2 per cent salary increase. In at least one case, the salary being so increased was already in excess of $300,000. Is it any wonder that our public servants, who admittedly are politically vulnerable and subject to being manipulated by any government or politicians, feel the way that they do?

• (1540)

Public servant/civil servant bashing is a sure-fire, though cheap, political tactic. But is it any wonder that they are saying, to quote a line from the popular, famous film "Network", that "they are darn mad and they are not going to take it any more", when they consider that? Is that not enough?

Well, in case it is not enough, my mood would also not improve if I recalled that last summer members of the other place awarded themselves a $6,000 tax-free housing allowance. As senators, we also know the view of those same members of the other place who had given themselves a $6,000 tax-free housing allowance and what they had to say and felt about what similar allowance the Senate and senators might be entitled to.

That $6,000 tax-free housing allowance—I am now looking at this from the point of view of a public servant not of a senator—is in addition to regular salary increases for members of the other place. Now some of the same people, I assume government supporters in the other place who got this increase, are asking the lowest paid—and you know that we are talking about those who are low paid, honourable senators. When I say "lowest paid" do you think I am talking about a range

somewhere around $50,000? Do you think I am talking about a range around $30,000? Can anyone here live on $30,000? Can I go down a bit further to $27,000, $26,000 $25,000, $20,000? How can we expect these people not to be angry? How can we expect anyone not to criticize this legislation, when it is so inequitable? It is asking the lowest paid of the public servants to bear the heaviest burden in the struggle to put the economy back on the rails after it was derailed by Mr. Wilson.

Mr. Wilson brought forward the budget that said we have to get this economy back on the rails and the way we are going to get it back on the rails is to limit to zero any increases—of whom? Those who can get by? Those of us who can get by? The middle class, generally? No. Those who already can barely get by and who we know can hardly get by. Who do we know even, let alone ourselves, who can get along on the kind of money that they are being asked to get along on?

It is not fair and the public servants who were demonstrating outside this building earlier today, earlier this week and across this land, know it is unfair, and I believe the people know it is unfair. I believe even the people who criticize the actions of these public servants—and there are always some excesses—know in their hearts that this legislation is not fair to the public servants of this country. Remember, it applies to all public servants, not just those who belong to the Public Service Alliance.

Honourable senators, the least that should be done to this bill is that it should be amended. The best that should happen to it is that it should be defeated. It should be amended to remedy some of these inequities that I have mentioned. It should be amended to provide for a grievance procedure. It should be amended to provide for a mediator.

The government's gall knows no limits. I know it is very popular to say that public servants do not earn their income. It is interesting, is it not, to hear that. Is it not interesting to hear people repeat the myth that the public servants of this country do not render a valuable service, that they are all fatcats, that they do not do their work and that their work is not really that necessary anyway. Every time anyone talks about improving the deficit or saving money in federal spending the first thing they say is cut the salary and fire all those public servants.

But what happens after two days of a strike by these fatcats who don't do any work and who don't render any valuable service to our country? What happens after two days? Well, read the papers and find out what happened after two days. The same businessmen who claim that the government does not operate on good business principles and who say that we should cut down on all these public servants are screaming that they cannot do business, that the public servants must be sent back to work because the whole country is shut down, they are losing profits and they cannot work without them. Why can't they operate without them? They are always telling us that they do not provide any valuable services. The fact is they do provide a valuable service and they are entitled to be more fairly treated than this legislation treats them.

[Senator Frith.]

The legislation should either be defeated, withdrawn, reworked or amended. I am glad to say that some of my colleagues will have something more to say about each of those topics.

Hon. Duff Roblin: Honourable senators, I am conscience of the fact that under our rules at the present time I have 15 minutes to complete what I have to say and I undertake to keep within those bounds.

Senator Frith: If you did not vote for these rules, we will extend it.

Senator Roblin: I want to ignore what my friend said because his heckling habits ought to have been left with his old job and now he should display more calm and solicitous attitude.

I want to tell my colleague, Senator Bolduc, that I recognize the force of his arguments and I think that some observations made by my honourable friend opposite, Senator Frith, are something less than balanced. I do intend to vote for this legislation. However, I want to make a personal statement about it because I cannot approach this task with a quiet mind. I have a serious concern that we are faced once again with this impasse between the government and some of its employees. I acknowledge that, in my view, that is a sad confrontation and in many respects it does not serve the public interest.

I think it is not good enough for us to put this bill through, as I hope and believe we will do, without some serious reflection as to how we got ourselves into this situation in the first place and why these extreme measures, which I think are justified, are placed before us for our approval.

I think it is necessary to do what we can to go to the root of our problem and to acknowledge that the responsibility for the position that we find ourselves in today ultimately rests with the lawmakers of Canada.

If I may cut through all the lengthy argument that might be presented, I want to go to what I think is the heart of matter and remind this house that in the halcyon days of the late 1960s and early 1970s it was the "politically correct" line, if I may use that modern observation, that employees of public organizations and the government should have the same right to strike as any other workers in society. I have to tell you that my views on that subject are perhaps somewhat heretical in view of the development of that policy over the years.

● (1550)

It was alleged, thought and believed that labour relations in the public sector could indeed be assimilated to labour relations in the private sector and, as private sector workers were entitled to strike, so should government workers be entitled to do the same, even though at that time it was recognized there had to be some exceptions. In fact, one-third of the civil service is, I believe, exempted because they perform essential services.

Looking back at the record, what do we see? I think we see something that, as experience shows, this policy that was adopted lo these many years and which has become embedded in our civil service labour relations, fails. We are here today to witness that it has failed. It fails the test of practicality; it fails

the test of experience. Indeed, in my view, it fails the test of common sense. I say that because all of us know that the public sector does not work like the private sector.

We are all well acquainted with the fact that the checks and balances of market forces which render it possible to contemplate strikes in the private sector with a degree of equanimity simply do not operate within the labour relations of the public sector. To capsulate the argument, that is so because governments do not go out of business. If they pay more, they simply borrow more, tax more, or cut some expenditures to make good. We find that firm government negotiations on these matters turns the minds of civil servants to civil disobedience, as we see today—indeed, some seem to be cloaking themselves in the mantle of Ghandi and of Martin Luther King—to protest what is to them a genuine sense of unfairness that has rendered their strike actions valueless. Thus, we have problems on both sides of this argument. Neither of those developments, in the long run, serve an appropriate policy in the public sector.

It is not just the present situation that causes me concern, which is really the point that I want to labour. During the past 25 years that this legislation has been in place, when we have agreed that it is appropriate that the public service should have the right to strike, there is a history of legislative acts like the one we have before us now—mandating people back to work. This indicates that neither on the government side nor the employee side, because they cannot agree, is the system working with any degree of effectiveness and fairness.

The government has indicated by its actions what it thinks of the results of these negotiations; and the unionists have been quite frank to tell the rest of the public what they think about the actions of the government.

I conclude myself that the right to strike is not in the public interest with respect to the civil service because, if we look at the various statistics that are provided we see that since 1970, if this figure is correct, and I find it hard to believe, there have been 90 occasions in which public employees in various levels of government throughout this country have been mandated back to work because the system does not operate efficiently. As far as this Parliament is concerned, in the last 25 years there have been 19 occasions in which government has felt impelled to mandate the employees back to work. It is not just this government; it is its predecessors. In fact, if we add up the numbers we see that they have a higher total to answer for than anyone else. It seems to me that it is the fault of the system with which we are engaged.

While we have the unpleasant necessity in my view of passing this bill today, let us use the opportunity to start re-thinking our public sector labour relations policy. Experience has shown amply that free collective bargaining, as it is generally understood, simply cannot be transferred holus-bolus from the private domain to the public domain without substantial modifications. It seems to me that what we are seeking and what we do not have at the present time is a fair dispute settlement mechanism policy. That is what we should be turning our minds to when this unpleasant episode is over since I think it will be vital to good relations among the people of our country in the days to come.

If I am asked what to do, I say that it is clear that some form of arbitration may very well be indicated as necessary. I expect both the civil servants and the government to object to such a policy. The government will not easily give up its financial responsibilities to some third party arbitrator. It will not be willing to allow for control over part of government expenditures to be within the hands of a third party. There are sound reasons why that position should be seriously considered. The civil servants will feel that depriving them of the right to strike has deprived them of a right that goes with the citizenship of this country. Yet, if the current system does not work—and it does not—then something must be done to take its place. That is the gravamen of my plea to honourable senators this afternoon.

I say that both sides will have to give something, if the legislators and the public are to be satisfied. My preference, as I have stated, is for arbitration. I am afraid that if we go down that path it will be a binding arbitration, and I am sure that it will only work if, within that arbitration system, there is a very clear definition as to what the parameters are. It is not impossible to devise parameters that will meet with some of the policy considerations of the government while at the same time dealing justly with its employees.

I think that the design of these parameters can be obtained by looking at what other jurisdictions do. Let civil service pay be comparable to fair pay for the same kind of work in the private sector, but do not neglect to factor into the parameters which I have mentioned the special requisites that civil servants enjoy in this country and in the provinces. To mention a few, there are their inflation-proof pensions, employment security protections, and other wide-ranging benefits which public opinion, and I think reality, would say give civil servants of the country a special advantage in their employment with the government.

We could look at the Province of Prince Edward Island, for example, which has such a system in place. I am told it works very well. There is a system of arbitration in the United Kingdom, but I am not so sure how it works. In the Province of British Columbia there is a gentleman called the Compensation Commissioner who takes a look at any wage settlements which are deemed to be out of whack.

What we are seeking here in the settlement of these problems is the principle of fairness. It is widely perceived on both sides of this issue today that fairness is lacking. The government feels it is being hindered in its proper responsibility to deal with the budgetary problems of the country. The civil servants say that as a result of that they are not being dealt with fairly. It seems to me that is what we should be thinking about fairness as we deal with the problems that are before us.

What I have said today is nothing more than a cursory introduction to a very deep, involved and difficult problem. I do not pretend it be anything more than that. I do not pretend

my words to be anything more than my observations that come to me at this time as I deal with this question.

It seems to me fundamental that wise policy is not served by the arrangements that we have today and that we, as legislatures, indeed, as the Senate, might take it upon ourselves to see what we can do to devise a better system in which these matters will be regulated so that the authority of the government to conduct the public affairs and the control of public finances is preserved, as it certainly has to be, while at the same time we have a mechanism for dealing fairly with those who have to accept a situation in labour relations which is not the same as that in the private sector.

After all, it could be a condition of employment in the public sector that these limitations be recognized, as indeed they are by that one-third of the civil service today which is now classified as essential. It is not exactly a new principle, but it does involve a new approach to this problem, one which makes fairness the hallmark of what we are trying to do, but one which, above all, recognizes the lessons of our experience over this past 25 years which indicates to us that something better must surely be done.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): May I ask the honourable senator a question, with the assurance that it is not a heckle?

In his own view, at the moment, does he lean toward all public servants being designated essential?

Senator Roblin: I lean toward looking into this whole question. I do not feel I am a expert in this matter.

Senator Frith: But what do you learn from your experience?

Senator Roblin: My experience in the Government of Manitoba, if that is what you are asking about, is that there was no legislation to permit strikes in the public service, either in the hands of civil servants, teachers, firemen, policemen and several other bodies. But there was a corollary to it. You could not implement such a policy if you did not proceed with fairness in dealing with the problems which those people presented to an executive government as they did.

• (1600)

I do not wish to recall to mind the history of those events, but I can say to you that, during the time that I had that office, we did not have the right to strike; nor did we have anyone who wanted to strike, because we were able to come to fair solutions to the problems. That was not to my credit or that of my government. It was the way things were done; and it was well to do it.

Many times when we try to legislate or tabulate the rights and privileges of people we find that the results are not exactly what we intended them to be. It is sometimes better to be a little less precise, a little less regimented, and to act with a little more common sense and care.

Hon. H.A. Olson: Honourable senators, this bill, as everyone knows, deals with a Parliamentary decision to order people back to work. I do not intend to deal with what is contained in the bill, but, rather, with the reasons why we have the bill. Senator Frith has pointed out some of the weaknesses, unfairness and injustices, if I may say so, that are contained in the bill.

Honourable senators, the reason why we are faced with this billis simple. It is because the government has mismanaged its labour relations over several months, maybe over several years, culminating in the events of these past few months. Senator Roblin says that we must do a great re-examination and amendment of the structures that are in place to deal with labour-management relations. The government could do that, I guess; but if it has mismanaged it previously, what is the guarantee that it will not mismanage it in future?

The labour management relations of this government have been atrocious. It is inconceivable to me that any intelligent person— in this case, the cabinet and the President of the Treasury Board— could act in this way and yet not be able to completely predict what would be the reaction of the Public Service Alliance.

Last February the government decided that there was going to be no increase in the budget for this group of employees, that even though it was the largest group in the public sector, there would be no increase, and only 3 percent after that.

In labour-management relations, honourable senators, one should at least discuss one's intentions with the other party before making an announcement; but this government did not do that. It did not even go to the Public Service Alliance and discuss with them what its policy would be. It came out with this policy of zero, three and three without any discussion, without any bargaining, without any of the normal consultation and communication between management and labour.

Senator Bolduc is a brave man. He has tried to give the government's explanation of what has happened and how it happened. The government found itself in difficulty in trying to cover all of its expenses. It could not stand any more expenses. There was a huge public debt hanging over the government, and therefore, it was driven into making this announcement. It may be true that the government wanted to establish a policy of zero increase for the 1991 budget, when the existing contract expired; but surely the government could have had the decency, the fairness, to discuss this with the labour union before announcing it. It simply did not do that.

We have to ask ourselves, "How did we get into this mess where we need to pass Bill C-29 to try to resolve it?" It is because of the mismanagement. I cannot understand why the government did not realize what would be the reaction from the union when it singled out these employees but exempted so many others. If these problems, of paying further moneys out of the public treasury, are valid, then why is the policy not being applied evenly to everyone? The government exempted the contractors and certain other classifications of employees, some at a higher level of pay, as Senator Frith has already explained. It is completely beyond me how any government, any intelligent human being, can believe that it can persist in that kind of labour relations. I cannot understand that.

There have been several reasons given why this back-to-work legislation is needed now, one reason being that the grain is not being loaded at ports such as Vancouver. Months ago we tried to get the government to designate categories of essential personnel. The Leader of the Government in the Senate told me that the grain inspectors did not qualify under the criteria used.

Honourable senators, the grain inspectors do not load the ships; they are actually regulators. They make sure that the grain going in meets certain specifications of the grain act with regard to its grading, so that the customer may know that he is receiving the quality he paid for. Canada is one of the only grain-exporting countries in the world that sells grain on a graded basis. When one buys Canada No. 1 or No. 2, or any other grade of grain, it is known around the world that that is the quality that will arrive. Almost every other country has to submit samples before the customer country makes a decision. So this is an important issue.

However, the fact remains that grain inspectors are merely regulators. They are law enforcement officers who ensure that Canada's laws respecting the quality of grain is respected and enforced.

Why does the government have many categories of employees? The farmers are now losing grain income of $50 million a week. That is the only income they have. Grain prices are now lower, in relation to the costs of other products, than they have ever been in this century, and that amount of income for farmers has dried up because of this strike, and because the government refuses to designate the grain inspectors as being an essential service.

The employees who write cheques, whether for unemployment insurance, for old age pensions, or other things, for those people who need their income to be uninterrupted, are designated as essential. The reason they are so designated is because the government wants those payments to reach those people to enable them to meet their living costs. But farmers are not so fortunate.

• (1610)

All that you would do, by designating these inspectors as being essential public servants, is ensure that Canada's laws were being respected and enforced. The consequence would be that the income of farmers could continue to flow in a normal way. I have done a lot of pleading and I know that others in the other place have also pleaded. The government cannot seem to get it through its head that these people are essential for exactly the same reason as anyone else, to ensure the continuity of income. I do not understand that kind of thinking.

I have just visited western Canada for a few days, and you are not getting away with it. You may think that you can pull some smart act like this and just let the farmers go, but you cannot. You are not getting away with it. They understand what this government is doing to them. More than anything else the people out there want an election so they can get at you.

Senator Simard: That is the quick-fix.

Senator Olson: They have had it up to their ears with the kind of administration that leads to this kind of action.

Senator Barootes: Will you take a question, Senator Olson?

Senator Olson: I have only 15 minutes. If I can get a minute or two at the end of the 15 I will be very happy to try to answer some questions.

Senator Simard, of course, rattles away all the time, and I hope no one listens to him because he is not even cohesive most of the time. The people out there who are desperate as a result of the return from the international grain price cannot simply be dismissed. Their income has been completely cut off, as low as it was. Now the government comes along with legislation.

Another incredible thing happened. I used to be chairman of one of those cabinet committees and I know what happens up there. They announced all these bonuses for the senior members of the public service right at the height of the strike, about two and a half weeks ago, or at least that is when it became public knowledge. There was no announcement, but I guess that is the way you do things; you do not make announcements. Anything that goes through that cabinet committee has to be reported in the Gazette. You know that. If you make those kinds of decisions based on the law, eventually it is going to be public knowledge. Of all the unfair and stupid things to do—that is exactly what it was—to rub salt in the wounds already inflicted.

Senator Murray: The only announcement that was made by the government was that the bonuses were not being paid. It turned out to be quite inaccurate and incorrect to say that they were being paid.

Senator Olson: Are you saying you did not pay any bonuses this year to anyone? Is that what you are telling me?

Senator Murray: I am saying that the so-called announcement to which my friend was referring was not an announcement. There was no such announcement.

Senator Olson: Never mind the announcement. Did you authorize any bonuses to anyone? That is the question.

Senator Marsden: Like Mr. Lawless, $84,000?

Senator Olson: Eighty-four thousand dollars to the chairman of the CNR.

Senator Murray: Let us talk about this year. The budget came down in the month of February. My honourable friend took his 3.78 per cent increase on January 1. There were a number of increases that started on January 1. The important point is that for everyone, cabinet ministers, senators, MPs, RCMP, armed forces and public servants, there will be one year with zero per cent raise. That is the important thing. The pay years begin in different months but there will be a zero per cent year for everyone, including my honourable friend.

Senator Olson: I understand that and I accept that. That is not the only important thing. There are one or two other important things. As Senator Frith pointed out, quite properly, there were some very significant increases to some of the

senior personnel over the same period of time as you notified these 114 thousand or so people that they were going to get zero. That is what is unfair.

Senator Murray: Everyone will have a year at zero.

Senator Olson: No they will not, because you are paying bonuses.

Senator Simard: Do not say "no".

Senator Olson: I asked you if you were, and you did not deny it. You denied there was an announcement. That I understand. You try to get away with sneaky things like this, but you cannot, because whatever happens in those cabinet committees is bound to be reported and published in the Gazette. That is what it is there for. So you cannot have sneaky governments.

Senator Simard: Stop misleading.

Senator Olson: Honourable senators, my time is up and I am not going to ask for additional time because I have a hunch I will not get it. It is due to most serious mismanagement of the labour relations that we are here. We have to try to fix up this bill a little if we can. I am waiting to have an interrogation of the principals involved—in other words the president of the union and the President of the Treasury Board—as soon as we can, because this is obviously unfair.

In conclusion I would say, do not think you are fooling anyone. The members of the public know that you have been acting like this and they too do not think it is fair; nor do they like it.

Senator Barootes: Will you answer a question, Senator Olson, now that you have finished your peroration?

Senator Olson: Certainly.

Senator Barootes: I agree with you. I would very much like the grain inspectors to be made essential workers. Will you tell me which administration it was that excluded them from being essential workers? It certainly was not this administration.

Senator Olson: Honourable senators, I suppose it was the previous government, whatever it happened to be.

Senator Barootes: Thank you, that is enough. I do not need any more of an answer.

Senator Olson: He acts as if —

Senator Barootes: That is enough.

Senator Olson: — the previous government is still governing the country. My understanding is that you have been in office for the last seven years; you are the ones who are supposed to be administering the government now, and we find this weakness. I do not believe the grain inspectors were on strike at any time prior to 1984.

Senator Barootes: They certainly have been.

Senator Olson: No they were not. The grain loaders were on strike, that is private sector; but the government employees who are involved in inspecting and grading the grain have not been on strike.

[Senator Olson.]

Are you not governing the country now? Are you not running things? You want to blame it on something that happened before 1984 but —

Senator Barootes: We have the answer. Thank you very much.

Senator Olson: — the public does not buy that kind of argument any more.

Hon. Lorna Marsden: Honourable senators, the leader of my party and Senator Olson have laid out all of the reasons why this is a perfectly odious piece of legislation, and I agree with them. What is really amazing in the exchange which we have just heard is the attempt to make a virtue out of zero, as though, somehow or other, the fact that there would be a year of zero increases made things more fair. As Senator Frith has said, the real underlying problem here is that all zeros are not equal. A zero increase for Mr. Lawless, or indeed for Senator Olson, is not nearly the same as the kind of zero that is being presented to the low-paid public service workers.

It is not only a zero increase that those workers are getting, but it represents a minus. Depending how you add, the rate of inflation, the cost of the GST, the increase in their unemployment insurance premium, and the cut to whatever benefits they might have received through the social programs such as supplements for child care and the government's cuts to transfers to the provinces are wage cuts.

The government has the lowest minimum wage in the country and shows absolutely no intention of doing anything about it. Anyone who is trying to live on the minimum wage in this country is living well below the poverty line.

• (1620)

This so-called zero increase is no zero at all. It is not only a minus increase, it is the worst minus number for the lowest paid workers. Percentage increases are a bad way of approaching wage settlements. Goodness knows, if the government hasn't learned that by this time, after previous governments have backed off such legislation, they certainly haven't learned much at all.

This bill is not only punishing the poorest paid workers, it is a brutal bill to national institutions in terms of collective bargaining. I will not repeat all of those arguments, but the bill is punishing not only to the collective bargaining process, not only to the Public Service Staff Relations Board—which made a ruling that should be respected—but also to the Human Rights Committee which has been pressuring the government for some time to deal with its pay equity mess. The government has shown absolutely no intention of resolving this problem.

After the government has taken all of this money out of the hides of its lowest paid workers, honourable senators can be assured that it will turn around next month, when the Michael Porter study comes out, and urge everyone in this country to become more competitive. After reducing public service morale and the morale of the public by the government's refusal to negotiate a reasonable settlement, the government then turns around and says, "We have to be more competitive.

Look what is happening in the global environment." That is all well and good, but the way to get competitiveness out of producers, workers and business people in this country is to create a climate where that type of attitude is possible. So it is a cycle of punishment and despair.

I come now to a point that I wish to emphasize. Two thirds of public sector workers earning less than $30,000 are women. We all know that the Public service of Canada, which has been a major channel enabling women to enter the public service, has been underpaying women workers for years. Pay equity settlements were agreed upon, and the payment of those settlements has not been made because of the difficult conditions the government has put on pay equity settlements.

Long before there was any talk of this strike, many of us were meeting with people in the public service and the public service union to see what could be done about pay equity settlements. Not only has there been no attempt to settle these issues, but the people of this country are receiving a message from this government. Let us remember that the people of Canada, through its government, ratified pay equity 40 years ago. We are not talking about something new here, namely, equal pay for work of equal value. It is something that is now established in the private sector in the province of Ontario, and yet the federal public service is dragging its heels and being forced into pay equity settlements.

The government has done something which women find encouraging. The appointment this summer of the blue ribbon panel on violence against women includes a number of distinguished people who are experts in that field. One hopes that they will bring some recommendations forward and that the recommendations will be acted upon.

This government has been very good about appointing women to the Senate. We now have a great many more women senators than we had in the past. However, senators should take note that the secretaries to those senators are subject to this pay freeze. The secretaries, as we all know, have been talking about pay equity in the Senate, as well they should. They take a pay freeze, apparently, although they have no bargaining power in this situation.

So the government has shown bad faith before and during this strike on the matter of pay equity. It has shown no attempt to bring forward a negotiating position that included a sliding scale so that the lowest paid workers were in a better position. It has shown no good faith towards settling the pay equity issues with women workers.

The legislation we are faced with today which, as sentors may have guessed, I am going to vote against as often as possible, is wrong in many ways. It is wrong in its principle, because we should not be legislating workers back to work; it is wrong in its content, and it is wrong in the process it has followed. The inequality in this bill for all public sector workers, low paid workers and women workers in particular, tells us more about this government and its attitude towards fairness and equality than can possibly be covered up by any kind of low cost, goodwill legislation that the government intends to bring forward before the next election.

Some Hon. Senators: Hear, hear!

Hon Richard J. Stanbury: Honourable senators, I have the greatest regard for Senator Bolduc, and although I was impressed by the array of statistics he quoted to us, that array of statistics would have been more persuasive had he dealt with the basic issue in this bill.

I thought that I might be able to add something to the debate today by describing what it means to bargain in good faith, by looking at the government's responsibility to negotiate with its employees, and by reviewing how the government has fulfilled that responsibility during its contract discussions with the Public Service Alliance of Canada in the past seven months.

The day that the then finance minister delivered his latest budget announcing the restraints, he made very clear the government's policy about a potential strike. He said they would not "hesitate to use legislation to prevent work stoppages." That was said back at the time of the budget. How prophetic. Cynics might say that it was a self-fulfilling prophecy. He did add, almost as an afterthought, that the government would continue to bargain with its employees.

Let us skip ahead to May when negotiations were still ongoing. Mr. Loiselle introduced the Public Service Reform Act. That legislation was designed to give public service managers more leeway and authority to hire and fire, to transfer workers, as well as to increase the government's power to contract out services to the private sector. Simultaneously, Mr. Loiselle also claimed that bargaining with PSAC had dragged on for too long, and he announced that the public service workers could not be given the option of a 3 percent wage increase in 1991-92 that their salaries would instead be frozen for one year. What kind of negotiations were those? I doubt whether Mr. Loiselle's rhetoric and posturing helped the bargaining process either. At the time he said in the other place, "If these settlements are not reached through agreement, through negotiation, we would eventually have recourse to legislation." This is another self-fulfilling prophecy. I doubt whether this inspired good-faith bargaining.

Besides, what incentive did Mr. Loiselle or his negotiators have to reach a negotiated settlement when given these assurances of the eventuality of back-to-work legislation? I would hardly call that negotiation when one party not only has the power simply to legislate what it wants, but, more importantly, announces in advance exactly what it intends to do. Whether you call it a simple self-fulfilling prophecy or an outright ultimatum, the evidence shows that the government has no intention of negotiating. The union was left with the clear understanding from Mr. Loiselle that they would have to take the government's offer of a freeze or the government would make them take it. Willingly, or by law, either way, the government's position was to be the final state of the contract.

Now, I understand that Mr. Loiselle was probably given an edict from on high to be tough. I am sure that Mr. Mulroney

assumed the majority of Canadians would not support the union. After all, his public opinion polls told him that Canadians saw public servants as being fortunate. I would guess that he figured he could gain a fair amount of support for his position. The problem is that he forgot to consider a few other things, such as the law and the fundamental rights of Canadian workers to collective bargaining.

• (1630)

Regardless of whether it was thought to be a popular policy or not, it was fundamentally wrong. According to a ruling of the Public Service Staff Relations Board, a quasi-judicial body provided for by statute, the government failed in its responsibility to negotiate. The government failed to respect the right to meaningful collective bargaining.

Let us be clear about this: I understand that there is a Conservative government in power; I understand that the Conservative ideology lends itself to at least mild disdain for the union movement and the collective bargaining process. So I am not surprised by the government's willingness to subvert the process; I am not surprised that the government is predisposed to disfavour collective bargaining. I understand the ideological inclinations shown. The problem is, however, that these inclinations have been expressed in an unacceptable and fundamentally hypocritical way.

If the government is serious about its disfavour with the process of collective bargaining with the public service in this country, let it do the honest and honourable thing. If Mr. Mulroney is really serious, if he is really committed, then why does he not introduce legislation showing his true colours? If Mr. Mulroney is so set on undermining collective bargaining, why does he not introduce legislation ending the right to collective bargaining? Why does he not stop the hypocrisy and show Canadians where he really stands? Why does he not come out of the closet? Why does he not stop the fraud and bring forward a bill that would encompass his real agenda?

By choosing not to negotiate and by choosing to legislate back-to-work legislation, which provides no alternative process, the government has shown that it has no respect for the process as provided for in law. So why does the Prime Minister not do the honourable thing and make the government's *de facto* policy with regard to public service collective bargaining the law. If his agenda is to break the union, if his agenda is to kill the process, why does he not try to do it through the Parliament of Canada and see how successful he is? Better yet, why does he not call an election on the issue? Tell Canadians that you want to outlaw the collective bargaining process, and then call the election to seek a mandate.

The country is sick of this government's hidden agenda. If the objective is just to restrain government spending, then that is worthwhile, legitimate and perhaps even popular; but if Mr. Mulroney's objective is to ring a death knell to the employees' collective bargaining rights, then that is wholly unacceptable. Let there be no doubt that an inflexible challenge to the legitimate negotiating rights of government employees cannot and will not be tolerated.

[Senator Stanbury.]

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Bolduc speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Roch Bolduc: Honourable senators, I move that the bill be read a second time now.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE OF THE WHOLE

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

Hon. Roch Bolduc: Honourable senators, I move that the bill be referred to a Committee of the Whole.

Hon. Lowell Murray (Leader of the Government): Mr. Speaker, before you put the motion, there are several matters that I wish to bring to the attention of honourable senators concerning the process that we will follow in the next few hours. If necessary, I can put these into a formal motion, but I will try my luck at stating what I believe might meet the approval of honourable senators. If we agree, then we can proceed as agreed, and with leave.

First, if this motion passes and we go to Committee of the Whole, we will need 15 minutes or thereabouts before we begin the committee proceedings. This is for a reason I shall come to in a moment.

Second, I would suggest—and I believe there might be agreement—that at 6 o'clock, whether we are in committee or Mr. Speaker is in the Chair, we would not rise for the dinner adjournment but, rather, would continue to meet through the period when we would normally have a dinner break—that is, from 6 o'clock to 8 o'clock.

If we go to Committee of the Whole, I suggest the following:

That during consideration of the bill in Committee of the Whole no motion that "the Chairman do now leave the Chair" shall be received;

That a television pool shall be permitted into the chamber to tape the proceedings of the committee.

There is precedent for that and there is also precedent for what follows:

That the proceedings of the committee be televised pursuant to the principles and practices governing the broadcasting of the proceedings of the House of Commons, where applicable;

That two witnesses shall be called before the committee and shall be permitted to sit within the bar of the Senate; and

That any amendments proposed or any votes to be taken in Committee of the Whole will be taken at the end of the proceedings.

They will be bunched, as it were, and taken at the same time toward the end of the proceedings of the Committee of the Whole.

Senator Frith: Like the television cameras, they will be pooled.

Senator Murray: They will, as the Leader of the Opposition says, be pooled. Those are the only points that I wish to make at this time. I believe there would be agreement on those matters. If there is, then I think we can proceed, with leave and as agreed, unless honourable senators wish me to formalize them by way of a motion.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I listened carefully to what the Leader of the Government had to say. As I made my notes on it, I think it follows right on the discussion that I had with the Deputy Leader of the Government. As far as we are concerned, this suits us. We are prepared, then, to proceed. Quite frankly, I think it is better for us to proceed in this house by agreement in most cases rather than by motions. I am quite prepared to proceed on that basis.

• (1640)

The Hon. the Speaker *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion to refer tohe bill to a Committee of Whole?

Hon. Senators: Agreed.

Motion agreed to.

The Hon. the Speaker *pro tempore:* The Senate will now adjourn during pleasure until 10 minutes to 5:00. The bells will ring for five minutes.

The Senate adjourned during pleasure.

The sitting of the Senate was resumed.

CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Gerald R. Ottenheimer in the Chair.

Pursuant to rule 18 of the Rules of the Senate, Mr. Daryl Bean, President of the Public Service Alliance of Canada, was ecorted to a seat in the Senate chamber.

• (1650)

The Chairman: Order, please. Honourable senators, the Senate is in Committee of the Whole on Bill C-29, an Act respecting compensation in the public sector of Canada and to amend another act in relation thereto.

Senator Molgat: Honourable senators, I believe it was our agreement that we would be hearing first from the representative of the union, Mr. Daryl Bean, and I would propose we invite Mr. Bean now to come before us and that we would then hear from the minister, Mr. Loiselle.

Honourable Senators: Agreed.

Pursuant to Order of the Senate, Mr. Dryl T. Bean was escorted to seats in the Senate Chamber.

Senator Frith: Mr. Chairman I propose that Mr. Bean be invited to make an opening statement, if he has one.

The Chairman: It has been proposed by Senator Frith that Mr. Bean be invited to make an opening statement.

Perhaps prior to that, on behalf of honourable members of the Senate I welcome Mr. Daryl Bean, president of the Public Service Alliance of Canada to this meeting of the Committee of the Whole Senate.

Mr. Daryl Bean, National President, Public Service Alliance of Canada: Mr. Chairperson, senators: First of all, thank you for allowing me to address you today on this very important matter.

Today, I am here to plead the case of fully 155,000 Canadians; 155,000 federal government workers; 155,000 PSAC members.

For seven years, PSAC members have received pay increases that have been below the inflation rate, below the increase negotiated in the private sector, and below the increase negotiated in the provincial and municipal sectors. Those facts are known and in fact were contained in the June 29 budget.

Our members have seen their job security eroded since the current government came to power. Since 1984, fully 13,000 public service jobs have been eliminated. Today, the federal public service is smaller than it was in 1973, despite the fact that Canada's population has increased by over 20 per cent; despite the fact that programs have increased and the complexity of programs have increased.

Members of the House of Commons and Senate should understand—must understand—that service to the Canadian public has suffered as a result. I will not bore you with a lot of examples, but I will provide you with a couple.

Senior citizens in this country now have to wait up to three months to receive a response to a routine pension inquiry. The unemployed, some of the people who need assistance the most, must now wait up to nine weeks and longer to have the UI claim they submit processed.

As a result of the declining standard of living for PSAC members, as a result of government cutbacks, and as a result of deterioration of public services, the PSAC took a stand during negotiations with Treasury Board earlier this year. We established wage increases, job security, and equal pay—and I emphasize equal pay—something that has been the law in this country since 1977; something that we have submitted complaints on for a significant number of our members since 1984. Yet, seven years later, we are still waiting to have the matter resolved. These were priority issues for this current round of negotiations.

On February 26, members of the federal government responded to our issues. They did not respond at the negotiating table as per the normal practice. Instead, they responded in a budget. In its budget of February 26, 1991 the government gave an emphatic "no" to the legitimate aspirations of PSAC members. By doing so, they said "no" to service to the Canadian public. By doing so, they said "no" to pay equity;

and no to the legitimate aspirations of working women throughout Canada. By doing so, they said "no" to collective bargaining and the democratic traditions that, above all else, bind Canada together.

• (1700)

Today, unfortunately and sadly, marks the end of the process that has seen the Canadian government subvert the democratic process in Canada in a way rarely, if ever, seen in the industrialized democratic world. Today, without exaggeration, is a black day in Canada's history. Today will be a day about which the International Labour Organization will eventually rule—and there is no doubt about it—that Canada and the Mulroney government, once again, have violated the ILO convention signed by previous governments of Canada.

With your indulgence, I would like to outline some of the issues that have created the situation that has resulted in this hearing today. First, there is fairness. The federal government has said repeatedly since February 26, 1991, that its budget as a wage control program was unavoidable because of the federal deficit. The government has said that everyone is being treated equally. Nothing—I repeat, nothing—is further from the truth.

To put the issue in context, the federal government's debt is $400 billion. Interest costs alone are at over $40 billion per year. The wage bill of 155,000 PSAC members covered by Bill C-29 represents only 3 cents—3 cents—of every dollar the federal government spends on interest. Just two days of interest on the deficit would be enough to negotiate a 5 per cent wage increase for PSAC members—just two days.

Senators should consider that the total personnel costs of the federal government have declined as a percentage of total government spending, and declined dramatically since the current government assumed office. In fact, annual personnel costs account for $3.3 billion less today than they did in 1983-84.

Senators should consider that, contrary to what the government has said repeatedly, not everyone is being treated fairly under the budget and under Bill C-29. Workers whose collective agreements expired before February 26, 1991—none of whom, by the way, are members of the Public Service Alliance of Canada—are eligible to receive retroactive wage increases that cushion the zero and three. In addition, Treasury Board has agreed to restructure the classification of wage structures of many of these workers. The government has persistently refused to do the same for PSAC members.

Senior managers and heads of crown corporations were taken care of by this government in a number of ways. The day before the budget wherein the government announced that wage increases for PSAC members would be capped at zero, three and three over the next three years, cabinet approved a 4.2 per cent increase for 42 senior executives of Crown corporation and agencies. All of these people already made between $100,000 to $300,000-plus per year.

Is it fair that the Governor of the Bank of Canada receives an increase of over $10,000 when a federal clerk is denied any increase? Is it fair that the President of CN Rail and of Via Rail receive an increase of over $15,000 when a federal secretary is denied equal pay?

As bad as these increases are, they pale in comparison to increases that cabinet ministers have created for themselves in this period of supposed restraint. Between September 30, 1990 and January 2, 1991, Finance Minister Mazankowski, former Finance Minister Wilson, Treasury Board President Gilles Loiselle and their cabinet colleagues received a compensation increase of over $15,000 in salary and tax-free allowances. Under Bill C-29 most federal clerks will lose over $1,500 in 1991. Is that fair? Is that equality?

The final indignity perpetrated upon members of the PSAC has been the deplorable treatment of our women members. Despite the fact that equal pay for work of equal value is the law in Canada, the current government has refused to negotiate equal pay. Despite the fact that the Canadian Human Rights Commission has said that our women members are discriminated against in terms of wages that are paid by this government, the government refuses to redress this discrimination. Rather than negotiate, rather than heed the Canadian Human Rights Commission, the government stalls.

Senators should understand also that the government is challenging in the courst the jurisdiction of the Human Rights Commission with regard to equal pay. On the one hand they tell us, "You cannot deal with this issue at the negotiating table; you should deal with it through the Canadian Human Rights Act". On the other hand, on the same day as they are making those statements, they go to court to stop the human rights tribunal from dealing with equal pay for work of equal value. So much for fairness.

Democracy—it is a nice word. On February 26, 1991, the Mulroney government issued an ultimatum to the 155,000 members of the Public Service Alliance of Canada: Accept zero, three and three; accept pay inequity; accept more job losses; accept reduced service to the Canadian public, or your employer will legislate controls and cut back programs. From that day forth, negotiations became what can only be described as a joke.

The Treasury Board President has said repeatedly of late that the parties negotiated for 60 days and went through 30 days of conciliation process. History will record a different picture. History will record that the government refused to negotiate unless we accepted zero, three, and three as a pre-condition. History will record that independent conciliation boards condemned the government's bargaining position. History will record that on Monday, September 17, 1991, the eighth day of our strike, the Public Service Staff Relations Board found the government guilty of bargaining in bad faith. History will record that when PSAC suspended its strike to return to the bargaining table, Treasury Board once again refused to negotiate. By doing som the government has held in contempt the democratic traditions of free collective bargaining.

• (1710)

Editorial boards from across this country—a group not normally sympathetic to the labour movement—have deplored the government's bargaining position. For example, in the midst of our national strike, the *Globe and Mail* stated, in a lead editorial, "The first issue here is not restraint but respect for the legitimate negotiating rights of government employees." Editorial boards have recognized, as have the Canadian people, that free collective bargaining, not ultimatums, are the cornerstone of our democracy.

By contrast, the government has—and I say this with considerable regret—concluded that the only way to implement an unfair budgetary proposal is to enforce it by denying 155,000 people their democratic rights. The government has told 155,000 members of PSAC that they have the democratic right to negotiate, but if they exercise that right, the government will legislate its budgetary proposals. The government has told 155,000 members of PSAC that they have the democratic right to strike but, if they use it, the government will legislate it away. Contrast the government's actions against Canadian workers with its rhetorical support for trade unions around the world. If you do so, you will do as I have and conclude that its systems are hypocritical.

The introduction of back-to-work legislation is always, without exception, a violation of the freedom of association. Bill C-29 is not only repugnant, it is an unconscionable affront to the principles of democracy. I believe that Bill C-29 is the first time that any government has used back-to-work legislation to explicitly impose a political budgetary agenda.

Before closing I would like to draw to the attention of senators a few specific clauses of Bill C-29 that highlight the unfairness and the anti-democratic tenor of this bill. I would emphasize that the specifics I will mention are only a few examples. For the record, the PSAC and the 155,000 members covered by the provisions find the whole bill repugnant, unconscionable, and punitive in the extreme.

Notwithstanding the unfairness of the situation where Alliance members who earn an average of $30,000, are to have their wages capped at zero and three percent over the next two years, senior managers will receive increases. Bill C-29 specifically excludes bonuses from the restraint program in clause 11 under the interpretation of wage rates. As a result, the Minister can, subsequent to the passage of Bill C-29, give these people wage increases.

I should point out to senators that the federal government currently spends over $5 billion on contracting out. In 1984, that figure was just over $2 billion. In other words, the government spends more on contracting out than it does for the wage bill of the 155,000 Alliance members. Yet pursuant to clause 3(4) of Bill C-29, independent contractors are specifically excluded from the provisions of the bill. To put this in perspective, the wage increase of federal public sector workers will be limited to zero and three over the next two years, while the government can increase compensation to contractors by any amount.

In fact, just earlier this week, I received a call from an individual who advised me that people working in various departments under personal service contracts, effective April 1, have seen their payment increased from $350 a day to $360 a day. I suggest to you that while that is not a large increase in a day, it is better than zero. Lawyers who earn over $1,000 per day while working for the federal government can receive increases, unlimited increases, while federal clerks are forced to live on declining real wages.

In what is perhaps the height of insensitivity, Bill C-29 contains a clause, clause 13, that will forever prevent PSAC from negotiating wage increases forever, that would recoup the potential increase lost under Bill C-29.

Finally, I should like to draw to the attention of all senators clause 25. The coming into force of Bill C-29 is problematic for the Alliance. This clause causes PSAC a number of specific problems. First, it will be difficult for us to communicate effectively with our membership if this legislation is assented to at any time between late this afternoon and midnight, since most of our membership will be at home.

• (1720)

Secondly, our members have made it clear that they went out on strike together and they will only go back to work together. When the strike was suspended previously the government agreed to return to work at a predetermined common local time the following day. Quite frankly, the membership is insistent that when they return to work they will return to work together.

Once again I want to thank you very much for the opportunity to present PSAC's position on Bill C-29. Of course, I am more than willing, as I was the last time I sat here, to respond to any questions you may have with regard to the Alliance strike and Bill C-29. Thank you very much.

Senator Frith: Mr. Bean, I have no questions about the details of your presentation. Many of the points that you made were made by me and some of my colleagues in our speeches at second reading. I have some amendments to propose that will be based on that material.

I want to come directly to a point that concerns me and my colleagues on this side. Although we feel that your your position is justified, we have learned through the media that your position is creating some economic hardship for a large number of your members. Because of our procedures in the Senate, we could, in my opinion, delay the passage of this bill for several days. I am only asking you now about the delay aspect, and not about the merits of the bill which we oppose. If the government uses its majority here in the Senate in the same way as it used its majority in the House of Commons, namely by refusing to accept any amendments and insisting on adoption of the bill as it exists, even if there is delay, the bill would eventually pass. In that event, can you see any advantage in delay, as distinguished from opposition? Is there any point, from your point of view, in our delaying this legislation?

Mr. Bean: No, we are not asking the Senate to delay the legislation unduly because we accept, although we disagree,

that the democratic process has taken place in the house and that the democratic process will take place here in the Senate. So we do not see any benefit in delaying the legislation. We are simply asking for a fair and open discussion on the legislation because it does directly affect the lives of our members who are out on strike and are not going back until at least after the legislation is adopted. The strike is also impacting upon the Canadian public. I recognize that and I have regretted that and have already apologized for that. We are simply asking the Senate to listen to both parties. We believe that the issue of free collective bargaining merits the consideration of the Senate, but, no, we are not asking you to delay the legislation unduly.

Senator Di Nino: Mr. Bean, first, let me thank you for coming. There are a couple points that I would like to make, followed by one or two questions I would like to ask you.

Your comment about undue economic hardship for members is certainly recognized. I think it should also be stressed that economic hardship is also being felt by many other Canadians, not just inconvenience. There are many people across this country who, because of the PSAC strike, are suffering economically.

I have a bit of a problem, Mr. Bean, with the actions of some of your members. There have been a number of instances of flagrant violation of respect for other institutions such as Sainte-Anne de Bellevue Hospital, a hospital for elderly Canadian veterans. I understand that when nurses—who, by the way, are legally obliged to report to work—attempted to do so, they were pelted with eggs and tomatoes by your members. I can probably list a half dozen other instances of that nature. I would like from you, sir, an answer as to why you would condone such actions on behalf of your members.

Mr. Bean: First, I commented earlier about the hardship felt by many other Canadians. I have shared that from the beginning. Our fight was not with the Canadian people to begin with; it was with the government, and remains with the government. It will remain with the government after the legislation is adopted.

Certainly I do not condone violence, as I have made very clear from the beginning. I will put on the record, although it may be problematic for me, that I do condone civil disobedience. It might be an appropriate day to do that since it is Gandhi's birthday. I do not condone the violence. I am not aware of the eggs and tomatoes being thrown, although it would not surprise me if that happened because there have been isolated incidents. Again, I can only say that this is the anger and the frustration being felt by public sector workers as a result of being assaulted by this government.

Senator Di Nino: Mr. Bean, could you tell me if any PSAC members, notwithstanding the zero, three, three, will be receiving any increases in the coming year, either directly or indirectly.

Mr. Bean: There may be some members who have not yet reached the top of their incremental level who would receive an increase, but they would normally receive that anyway and it is not part of the normal negotiations, whether or not there was a collective agreement. However, the vast majority are now at their maximum level because there have been very limited promotional opportunities within the federal public service since 1984. Again, I cannot tell you the numbers, but those would be the only ones I can think of who will receive anything this year.

Senator Di Nino: Can you guess at the percentage, sir?

Mr. Bean: No, I am sorry, I have no idea how many people are below their maximum rate of pay.

• (1730)

Senator MacEachen: Honourable senators, can Mr. Bean could tell us what remedy he proposes to overcome the problems or difficulties created for the membership by the coming into force clause? I notice that delay is not recommended. Therefore, it would be helpful if Mr. Bean could tell the committee how that could be remedied in a reasonable way.

Mr. Bean: As I understand the contents of the law—I am not a lawyer, so somebody correct me if I am wrong—I understand that it stipulates that the workers are scheduled to return 12 hours after proclamation of the legislation. They are "required to return," I guess I should say. I would propose that if this bill were to pass through the Senate today, there be some type of undertaking, when we make the determination with regard to the return of our membership, to notify the membership of the impact of the law and what the requirements are. The only way I can see of doing that is to have a predetermined time, which we had the last time when we ceased the strike, so that we could notify the membership. That means we have to get close to midday, or thereabouts, so we would have sufficient time to notify the members of the passage of the law and the impact of the law if they were to defy the legislation.

Senator MacEachen: If the bill passed today, and if the minister of the government agreed, would it be possible to establish a time at which the workers would be expected to return?

Mr. Bean: Yes.

Senator MacEachen: In the interim, you and your associates would have an opportunity to notify your membership. Does that mean that if the bill were passed today and given Royal Assent, the workers could return to work tomorrow at noon, say, in Ottawa?

Mr. Bean: Yes, that would be possible. That would give us time to notify people. As I indicated, I talked in terms of local time so that we would have sufficient time to notify people all across Canada. As a matter of fact, we also have people who are working in embassies and commissions around the world. We would also have to notify them of the passage of the legislation and the requirements of the legislation.

Senator Barootes: Thank you, Mr. Bean, for bringing your concerns and views to us. We appreciate hearing them.

Your members, according to my information, earn somewhere, on an average, of $30,000 per year or more. I come from the west. Farmers in this country this year are going to earn less than $6,000 per farm. They have no job security; they do not have any extended medical or dental benefits; they do not have any pensions; no sick leave; no family leave arrangement. They are struggling to get by. Yet, through this strike, these farmers are being penalized an additional $40 million to $50 million per week in total income for the farm community. Do you think that you can justify what you are doing, that it is fair to the farmers of this country? Do you not care about these farm families?

Mr. Bean: First of all, as an individual who comes from a farme, I am certainly well aware of the significance of that. Yes, we care, and we have cared all along. Several times during these negotiations I offered to remove picket lines from places such as airports, custom points and grain terminals on the condition that the government would agree to a mediator. I emphasize "a mediator." There is a significant difference between a mediator and an arbitrator. A mediator can only assist the parties, not render a binding award on the parties. Despite our good faith and offer to remove picket lines, despite the fact that after nine days we removed picket lines and sent people back to work, which is highly unusual in a strike situation, this government came back and tabled an offer for the first time on a few monetary and nonmonetary items last Tuesday. It did not table a counterproposal until Thursday, which contained almost no changes and then said to us, "That is all there is, so you can take it or leave it."

Senator Barootes: Did you respond to that?

Mr. Bean: We set up a meeting with Mr. Capello at 7 o'clock on Friday night. When I went, Mr. Capello asked me—you can shake your head, but I was there; that is the difference—as I came into the room and sat down, if we were prepared to negotiate. I said yes. We agreed to meet at 2 o'clock in the afternoon Saturday when we were to table our counterproposals. Mr. Capello left the room to arrange for that negotiation session. He came back and said "It is set; everything is set to go."

We talked a little more, and I outlined to Mr. Capello that what we were planning on doing was setting aside the monetary and nonmonetary issues that were in dispute and tabling a full pay proposal that would show them how they could maintain their zero and three and yet do the restructuring, the reclassification, as they had done for some other bargaining units.

Mr. Capello then got up and left and came back and told me, after another phone call, that he had no authority to go back to the table. This was after the President of the Treasury Board had claimed—and I say "claimed,"—on Friday that we were not responding to their proposal. In fact, at the very time the President of the Treasury Board was claiming in the House that we were not responding to their proposal, officials who work with me were meeting with Treasury Board officials on the workforce adjustment policy.

So I suggest to you again, that when the truth comes out, and it will, once again we will find that the Public Service Alliance of Canada did agree, has agreed and continues to agree publicly that we were prepared to go back to the negotiating table, that we preferred to have a mediator to assist the parties, but that we were prepared to go back without a mediator and had agreed to do so before Mr. Capello decided he did not have the authority to go back to the table after he had asked me and I had agreed to do so.

Senator Barootes: Is there room for a supplementary?

The Chairman: Yes.

Senator Barootes: Thank you, Mr. Bean. This has been a rather difficult period for Canadians given the recession and unemployment. Some unions—and I could name a few of them—have seen fit to accept reductions in their rates of pay to assist their industry and to survive. Fortunately for all of us, that is not being asked of us. I am thinking of Algoma and some other organizations.

• (1740)

In your case, did your organization also have to restructure this past year and have authority to let out some 20 of your employees and perhaps offer less than the usual advances in pay that were due through the COLA arrangements each year?

Mr. Bean: I was kind of hoping someone would ask that question because that lie has been perpetuated in the House of Commons also. No, we did not lay off 20 employees; we have not laid off any employees. We have a collective agreement that provides that there is no layoff.

Prior to our convention—which is, I assume, where this information came from, because no one has talked to me about it as an official of the Treasury Board—in April 1991 we had negotiated—in good faith I might add—a collective agreement with our members, our employees, for two years. There was no strike. They negotiated and accepted the collective agreement. So, again, if the individuals who were putting forth this deceit and these lies had bothered to check with us, they would have found that their information was totally inaccurate.

Senator Barootes: What was the increase that was accepted at that collective negotiation?

Mr. Bean: Four percent for each of two years.

The Chairman: Senator Olson.

Senator Olson: Thank you, Mr. Chairman. Mr. Bean, I noted that you are particularly concerned about what appears to be a serious weakening or destruction of the collective bargaining system. I am curious about this also. I do not know whether or not I heard this at press conferences you had taken part in, but you advised us today that you learned of the government's decision to adhere to its offer of zero, three and three percent. Was there no bargaining or discussions with your unit prior to February 26 and even up to the point that you knew that the government was going to make that announcement?

Mr. Bean: No. There was absolutely no discussion whatsoever with us prior to February 26 with regard to that matter. I should again point out that this government—and I accept that—has negotiated very hard in past rounds, resulting in our accepting collective agreements that were less than the cost of living for the last seven years. But there was absolutely no consultation—I repeat, none—prior to the budget on the zero, three and three.

Senator Olson: What about the 60 days that the President of the Treasury Board is talking about? When did that take place, when he claims that you were negotiating?

Mr. Bean: That 60 days took place rather ironically, beginning about the same day the budget was introduced, on February 26 or February 27. I cannot remember the exact date that the first discussions took place about the new collective agreement. They told us—I guess it was February 26 in the afternoon or maybe February 27 in the morning—that we first must accept the zero, three and three. Only after we accepted the zero, three and three would they then be prepared to negotiate any non-monetary issues. Furthermore, only after that would they be prepared to sit and consider any monetary issues. If they agreed to any monetary issues, then it must come off the three and three in the second and third year. They also told us that they were not prepared to negotiate pay equity at any time. That is exactly why the Public Service Staff Relations Board found them guilty of bargaining in bad faith—that is, because they established a precondition to negotiations which stated that we had to accept zero, three and three before they would talk about any other items at all.

That occurred during the period of time when he refers to 60 meetings. I have no idea whether there were 60 meetings but if that number is accurate, then it spells out all the more clearly that there were no negotiations, as there was basically nothing agreed to during those 60 days because of the precondition that we must accept zero, three and three.

Senator Olson: So that up to February 26 you did not know, from any discussions that you had, that that is what the offer—if I can call it that—was to be, namely, nothing, or zero, then three and three?

Mr. Bean: No, I did not know that that was what the ultimatum would be.

Senator Olson: "Ultimatum"; that is a better word.

Mr. Bean: Yes; I like it a lot better.

[*Translation*]

Hon. Jean-Maurice Simard: I would like to ask Mr. Bean how he thinks his union differs from other groups, six of which, since February 26, have signed agreements that provide for an increase of zero per cent in the first year and 3 per cent in the second year, and in some cases, for the balance of 1990, increases of four and four and half per cent? That is my first question.

Before putting my second question, I may remind you that according to our information, and I don't know whether the government is lying in this case—in fact, you have often said the government was lying—but earlier this afternoon, you told us you did not know what percentage of your members had not reached the maximum of their category. I can inform you, however, that this is 40 per cent of your membership or 65,000 people who could have been and who will be paid, with or without an agreement, amounts varying between $1,000 and $1,400 annually.

Third, you often mention democracy and workers' right to strike. But what about the legitimate right of your members to report for work and not be exposed to the kind of situation we saw in a few disgraceful scenes on television last week and a little earlier this week, where members of your union attacked their colleagues, not only by throwing eggs and tomatoes and other objects but also by hitting them with their signs, and so forth. How can you reconcile this with your lofty principle of a democracy that works?

Editorials and some newspapers, as you pointed out, condemned the government for bargaining in bad faith. Some editorial writers, commentators and average citizens have condemned your position and failed to fall into the usual trap.

When you say that you are first and foremost against the Mulroney government and want to see it fall, isn't this because you wear two hats, Mr. Bean, one as director of the NDP and one as the leader of your union?

You told us that last Friday you felt you had lost control—perhaps you could conclude on this point—of your members when they almost invaded Parliament.

I am not surprised at all. I think your lost control when you told us last night on Parliament Hill, as reported in today's *Le Droit* . . . perhaps you would give us an explanation.

> "Minister Loiselle and his government can legislate us back to work, but will continue the strike from the inside, that's all. The strike will not stop because a law is passed or regulations are imposed. The strike will go on until Brian Mulroney and his gang are just a bad memory", Daryl Bean emphasized yesterday.

What do you mean when you say the strike will continue in government offices? Do you intend to encourage your members to poison labour relations? I don't think Canadians want that. I think that if there is a settlement, Canadians feel that despite the scars left by this strike, the employees who went back to work and those who went on strike will work together to give Canadian taxpayers their money's worth.

I would appreciate your comments.

• (1750)

[*English*]

Senator Frith: A short pithy question!

Mr. Bean: Let me try to answer. I took some notes. I must admit that there were two lengthy questions.

Senator Simard: I did not mind your opening statement, Mr. Bean. You said everything you wanted to say.

Some Hon. Senators: Order.

Senator Corbin: Order. You had your say. Keep quiet.

Mr. Bean: First of all, with regard to other unions accepting agreements, obviously if other unions chose to accept agreements that is their choice, and I will not condemn them for doing that. However, I can tell you that in all the agreements that I know of they accepted, without counting the ones that were imposed by a binding board on the professional institute. In all the agreements I know of there was restructuring, reclassification or up-front pay increases prior to April 1, which, in fact, amounted to wage increases over the period well in excess of zero per cent and 3 per cent. Those have also been reported in the media, and I assume, since you appear to study the media quite a bit, that you have seen those too.

As far as the incremental increase is concerned, I do not know how many employees are or are not at their maximum. Your 40 per cent figure may be right or it may be inaccurate; I cannot respond. I can tell you that the pay rate for those people, whether they are at the maximum or the minimum, is the maximum, not the minimum. It never has been. Yes, people do move up through the incremental steps in some groups, but other groups do not have incremental steps at all. The true pay rate for the job they are carrying out is the maximum rate of pay, not the minimum or somewhere in between. So the government is not doing them any favour by paying them less than the maximum rate of pay. In fact, it is a case of the government saving itself some money, because the job is really to be paid at the maximum.

Senator Simard: They are going to 4 per cent though.

Mr. Bean: Let me respond, because you had a number of questions. You dealt with the concern of people wanting to go to work. Yes, there were people who wanted to go to work and, yes, they did encounter some incidents on the picket lines. I have answered that question before by saying that I do not now condone, nor have I at any time condoned violence on the picket lines.

As for the editorials, again there are more editorials this time. Editorial boards are not normally friends of the labour movement. The *Globe and Mail* is not normally a friend of the labour movement, but I recall very vividly at least two, and probably three, editorials by that paper condemning this government for its failure to negotiate. There were others in the *Le Droit*, *The Citizen* and other papers.

You talk about the fact that I was concerned last Friday about losing control of the membership. Yes, I was. I make no apology for being concerned that the anger and frustration was taking place and I could not stop it. I tried. I tried out here, in front of the house, to get our members, as well as others who were here, to back away so that I could have an opportunity to come into the house to talk to someone and possibly bring some reason to bear so that the government might appoint a mediator to cool things out.

Senator Simard: Are you sure you did not contribute to this anger?

Mr. Bean: Would you let me finish my response?

Senator Simard: Yes.

Mr. Bean: Yes, I am concerned about it. Today, when we had just as large a demonstration as last Friday, if not larger, I specifically addressed the crowd to make sure that nothing happened. I am pleased to report that they listened and that nothing happened.

You mentioned—and again I do not know where you get your information—something about my being a director of the NDP. I am not a director of the NDP. Yes, I am a member of that party, and I make no apologies for that; but I am not a director. I have never been a director and I have never held elected office in the NDP. Nor does my union—and we might as well put that on the record—support a political party. That is by decision of our membership. It is by decision of our leadership.

Senator Molgat: Mr. Bean, I would like to get clarification of some of your statements. I come from an agricultural province. Obviously the farmers in my province were suffering during the course of the strike. Did I understand you correctly to say that you made an offer to the government to remove the picket lines from the grain handlers so that the grain could flow?

Mr. Bean: Yes, I did that on the Tuesday, which would be about September 17. I met with Wayne Easter, President of the National Farmers' Union, and we held a press conference at which we agreed that I would request our members to remove the picket lines. I think it was September 17; it might have been before that. The days run together a little around that time. We agreed to remove the picket lines if the government would appoint a mediator. The government did not accept that suggestion, but subsequently it accepted to return to the bargaining table, after it had been found guilty of bargaining in bad faith. As a show of good faith and goodwill on our part, I then not only removed the picket lines from the grain terminals but from all government buildings, and I returned to the table on September 18. So I think we have done our part. As I say, it is unusual, almost unprecedented, that a union would remove its picket lines and send people back to work part way through a strike.

Again, we wanted to show our good faith and our concern, not only for the farmers but for all Canadians. It could have been done before, with the agreement of the government to appoint a mediator.

Senator Molgat: I believe that was in your presentation, but did I understand correctly that the day before the budget came down the government proceeded to put through increases for other employees of the government?

Mr. Bean: On February 25, the day before the budget, the cabinet approved 4.2 per cent increases for the heads of crown corporations and agencies, whose salary, by the way, runs well over $100,000, and some run up to $300,000.

• (1800)

I am presuming, of course, that on February 25 none of the cabinet was aware of what the February 26 budget would contain, because I do not think they would have approved it otherwise.

Senator Molgat: Quite obviously the Minister of Finance knew?

Mr. Bean: There is a possibility he might have known.

Senator Kinsella: Mr. Bean, this is obviously a very difficult situation for Canadians in general, and for PSAC and your membership in particular, to find themselves in. It is also very difficult for the government and for parliamentarians both in this place and in the other place. However, I suppose we are at the stage where the public interest has to be factored in and the limitation on the right to strike, in which I believe, comes into play and from time to time we have to deal with this type of legislation.

Turning to the bill before us, Mr. Bean, in your opening remarks you drew our attention to clause 7. I would like a further explanation from you. I am particularly interested in the clause where, as I understand it, the *non obstante* functioning of the clause covers all other acts, except the Human Rights Act. That is to say that the Human Rights Act will continue to supersede this act. Is this clause not there for the purpose of allowing the Human Rights Commission to continue its work in dealing with the questions of discrimination and, more particularly, equal pay and employment equity? Would you speak to that? If the bill is to go forward, would you rather have this clause in the bill or not have it in the bill?

Mr. Bean: In addressing clause 7, I do not recall dealing with the Canadian Human Rights Act. I think I addressed some other clause4s. I could be wrong, but I do not think so. I am looking quickly through my notes and I do not see it.

Obviously, if the bill passes then we would want clause 7 to allow that the complaint proceed ahead under the Canadian Human Rights Act. The fact of the matter is that since 1984 we have had a complaint before that tribunal that has not yet been dealt with. The process is too slow; it is too cumbersome, and there are no guarantees that even when it is dealt with, as it has been with the Library Science Group, the resulting equalization pay will be rolled in as pay for all purposes, as it should be.

In 1989 when the Hospital Services Group went on strike, that again was one of the major issues. When the hospital services and ships crews were legislated back to work there was a binding conciliation board process. That board then ordered exactly what we were trying to achieve: to have the difference in the equalization pay rolled into their pay.

We conducted a five-year joint union-management initiative study on equal pay, andh there was an equal number of union and management representatives on the committees. Two-thirds of the committee had to agree to the rating of the job. These were joint committees and in many cases the disagreement was from union members. Despite that study, and finding the inequities, the government or Treasury Board has continued to fight. First, they said that the study was biased in favour of women. The Canadian Human Rights Commission hired a consultant who looked at the situation and said, "No, I do not find any bias in favour of women. The study is a good study." The government then tried to claim that there were no more payments required other than the down payment which they had initiated. This time, the Canadian Human Rights Commission hired two consultants, and they came back and said, "Yes, there are more payments required. However, there are different ways of calculating what the amount of the payment should be." That is why the Human Rights Commission set up a Human Rights Tribunal which is now dealing with that issue.

At the same time, Treasury Board states that the matter cannot be negotiated at the table, which has in fact happened in the past. In other words, it is now challenging something that was done several years ago, and the rules agreed to, in saying that the Canadian Human Rights Tribunal does not have the authority to deal with this complaint.

Therefore, clause 7 is helpful in the sense that it will remain before the Canadian Human Rights Commission. At the same time, however, in order to avoid making the payment, the government is throwing as many roadblocks as it can in front of the Canadian Human Rights Tribunal. The impact will be that it will probably be another two or three years before we get a final ruling on an injustice that has existed since at least 1984 when we filed the complaint; a complaint that probably existed before then.

That was why we were trying to address the matter in this round of negotiations, in order to correct the injustice that now exixts. This is money that is owed to these workers. Of course, it is not likely that they will be paid interest on the money that is owed to them now, and has been owed to them since 1983.

Senator Kinsella: Certainly, the issue of pay equity has to be addressed and has to be addressed, in my humble submission, front and centre. Ideally, one does this at the bargaining table.

Are you telling us that, for some of the categories of the union clerks or secretaries, there was no approach made to Treasury Board to deal with pay equity?

Mr. Bean: The only approach was made on the Tuesday when we went back to the table, that being about September 24, if my memory serves me correctly, and that was that they did indicate they would incorporate the voluntary payments that they had made for the CRs, clerical regulatory, the secretarial group and the education bargaining unit into the base rate effective April 1, 1992. Those are the payments they are already making. There is no new money involved; it is simply that those payments are to be incorporated into the full pay raise.

It is rather ironic—and if one wanted to be harsh about it, one might even say cynical—that at this time this government is saying that for the $500 lump sum for those people earning less than $27,000, those voluntarily payments are rolled in effective immediately. So they roll them in effective immediately for the $500 lump sum, but will not roll them in until April 1992 for the rest of the pay purposes. As I say, if one wanted to be harsh about it they might even say it is a little cynical.

Senator Lynch-Staunton: Mr. Chairman, I understand that the minister is waiting outside. Unless there are some more

questions of this witness, I would move that we thank him for his appearance and for the information and the impressions which he has left with us. I know they will be very helpful. Perhaps we can then carry on with the minister who is waiting for us.

Senator Frith: Our whip is checking our members. If you have a question, please proceed. Are they questions that should be addressed to Mr. Loiselle? If not, then you should address them to the witness.

Senator Robichaud: My question cannot be addressed to Mr. Loiselle, but it can readily be addressed to Mr. Bean.

• (1810)

Mr. Bean, my question will not be based on the merits or the shortcomings of the legislation that is before us, Bill C-29; it is based on the laws of the land. Should this legislation become law, what will happen in light of the fact that I heard you using the expression "defiance of the law"? I heard you say on television, "We will be on strike until Mulroney and his gang become history".

Regardless of what happens with this bill, it will become the law of the land, passed by a government. We have the governments that we deserve, and I do not necessarily approve of this lot. But the bill will become law, if it is passed. Is it your intention to recommend to your union members to defy the law of the land?

Mr. Bean: I will be making an announcement later tonight when I finish seeing what happens in the Senate.

Senator Robichaud: Why not now?

Mr. Bean: Because I am taking the matter under consideration.

I do know that, yes, we will return to work at some given time, but I want to see what happens with regard to the Senate. I recognize that if the bill is passed it will be law, I can tell the Senate that. There are penalties if we decide to disobey the law, and I understand that, too. I want to await the outcome of what happens in this chamber tonight before making my announcement.

Senator Robichaud: I am not happy with the answer, of course.

Mr. Bean: I understand that.

The Chairman: I am now in the hands of the committee.

Senator Barootes: I must ask one question, sir, that has to do with an answer which I think was, perhaps, misleading, if not mistaken. It has to do with your not having let any of your union employees go, and that you have not reduced your budget.

I am reading from an article in the Toronto *Star* of April 19, 1991, at which time you were in Vancouver. It is an article written by a journalist named Leslie Papp. The *Star* is certainly no friend of the government and is certainly a supporter of your activity. I will read part of this article to you. Perhaps it is all wrong and you will correct me. It states in part:

> Delegates at a Public Service Alliance of Canada convention here voted to slash the union's budget by $1.8 million each year for the next three years, leaving 14 staff positions vacant and another six to be cut by attrition.

It also states,

> "Worse, after voting, delegates walked past upset employees . . ."

Making some rude remarks, and it goes on:

> The comments left two of the union's workers in tears, staff members said.

It goes on:

> If the government subjected alliance members to comments made by delegates "they'd be screaming harassment," Ritchie said.

Mr. Ritchie is the Alliance Vancouver regional representative.

> Meanwhile . . . alliance president Daryl Bean denounced the Brian Mulroney government for cutting jobs and mistreating workers.
>
> Accusing Ottawa of committing "economic crime," Bean said: "This government will not listen to reason". . . .
>
> Later, Bean said he understood why the staff was bitter.
>
> "They've got to be frustrated," he said, "but we're in a tight situation."

Those are your exact words, in quotation marks. I must have been mistaken in what I heard from you. At that time, Mr. Bean, you could have done what you are suggesting this government does, which is to increase your union dues or borrowed the money to keep your staff on.

Senator Olson: Mr. Chairman, on a point of order. I want to mention that it is absolutely against the rules of this house or the other to ask anyone to comment on the accuracy of any newspaper article. I can dig up the books and show the honourable senator where that has been said. If Mr. Bean wants to answer, that is up to him. But it is out of order for any member to ask such a question. You cannot even ask a cabinet minister to comment on newspaper articles.

Senator Barootes: I bring it up, Mr. Bean, only because you answered in a manner contrary to that which I read in that article.

Mr. Bean: I have no difficulty with responding to the question. Yes, the convention delegates, as is their democratic right, reduced the proposed budget by $1.8 million. I think you can take from my comments that I did not agree with that reduction. Nevertheless, they did pass that motion, and we are bound to live with what is passed by our delegates. Yes, we sat down and reviewed the budget and made other adjustments so that we do not have to—nor could we have—laid off employees because our employees have a no lay-off clause. We sat down and reviewed our budget, and cut back in other areas so that we would not be reducing or laying off staff. There will

be some vacant positions that are not filled for a period of time to accommodate that $1.8 million reduction.

Senator Barootes: Thank you, Mr. Bean.

Senator Olson: The question has nothing to do with anything, anyway.

Senator Lynch-Staunton: I still have the impression that we are at the end of the questioning of this witness. If I am correct on that, I would like to thank him for being with us and for his presentation and for answering the questions as openly and frankly as he has. With the agreement of honourable senators of the committee, we can proceed to the next witness who will be the President of the Treasury Board.

Senator Thériault: Mr. Chairman—

The Chairman: Would the honourable senator allow me to say, since I endeavoured to make the point before, that I am in the hands of the committee with respect to this witness. If there is not unanimous agreement, then I would have to recognize any senator.

Senator Thériault: I want to make a point, Mr. Chairman. I have raised my hand, and I thought you put my name down. If there are senators other than myself being cut off, then I am prepared to accept that. If I am denied the right to speak and I am the only one, then I would have a hard time accepting that.

The Chairman: As I endeavoured to explain, I have made note of all of those who wished to speak.

Senator Lynch-Staunton: It is not a question of cutting off any honourable senator. The minister is waiting and he is on a very tight schedule. We certainly want to allow him the same amount of time as we have allowed the witness we now have before us. It is just a question of having the minister waiting and giving him the courtesy of a hearing as soon as possible.

Senator Frith: Why does the Chairman not ask the question?

Senator Thériault: I am not about to cry because the minister is waiting.

The Chairman: I have two names on my list: Senator Thériault and a senator to my right.

Senator Thériault: I want to ask Mr. Bean a question regarding the $5 billion figure that is being thrown around by himself and other people, and the $2 billion figure of 1984. I understand that, since 1984, the government position has been to try to reduce the number of public employees. Are you telling this committee and the people of Canada that one of the reasons it was possible to reduce the number of employees is because the government has contracted out more work to private individuals and had fewer employees?

Mr. Bean: Yes, that is absolutely right. There is no question that while this government has cut back 13,000 positions the contracting-out budget, as far as we can trace it, has increased at the same time using the same figures—that is to say the same items under the Miscellaneous Estimates—from over $2 billion annually to over $5 billion. I will not try to claim in the Senate or anywhere else that every one of those $3 billion went into the corresponding reduction of 13,000 positions, but a good share of it obviously did, since it is pretty evident that that reduction has required the contracting out of more work.

• (1820)

Senator Theriault: As you look at the budget for 1991-92, do you see a reduction in the amount of money that the government will be paying in contracting out?

Mr. Bean: No, there is no reduction in the budget amount that will be paid for contracting out; and as I have brought to the attention of senators, even in Bill C-29, if they want to pay out more to contractors, it is exempt from the freeze.

Senator Theriault: But you are prepared to say that it is not only for employees, but that other factors are taken into consideration. Do you feel that part of the problem with your membership, and the low morale that exists today in the public service as I read it, is because of the way they feel they were treated by the government?

Mr. Bean: There is no question about that. The government has studies showing that the morale in the public service has gone down considerably, and that low morale is not only within the ranks of the workers but also within the management ranks, I might indicate. That has come about, to large degree, because of the policies and the cutbacks of this government.

The Chairman: On behalf of the members of the Committee of the Whole, I thank the witness, Mr. Daryl Bean, for his presence here and for answering questions put to him.

Senator Murray: Mr. Chairman, if it is the wish of the Committee, I will fetch the President of the Treasury Board and bring him here now.

Pursuant to Order of the Senate, the Honourable Gilles Loiselle, President of the Treasury Board and Minister of State (Finance), was escorted to a seat in the Senate chamber.

Senator Murray: Mr. Chairman, I believe all members of the committee know the President of the Treasury Board who has appeared here in the past on legislation. Mr. Loiselle has a brief opening statement to make, after which he will accept questions from members of the committee.

Hon. Gilles Loiselle, President of the Treasury Board and Minister of State (Finance): Honourable senators, Mr. Chairman, thank you. I would like to take the senators briefly back to the budget of February and to the situation we were faced with. We were in a recession. There was less money coming in and a lot more money going out. There was great danger that our deficit could be threatened, and we have worked very hard over the last seven years to keep it under control and to reduce it.

During the budget, we took a series of measures, many measures. We did not target our unionized employees; we targeted practically everybody. We froze the operating budgets. We cut 10 percent of the managers' positions. We capped the growth of transfers to provinces. We announced that we would be introducing spending caps for five years. We set

inflation targets, and we decided that we would put a zero-three-three freeze on the growth of our wage budget for the following three years. It was basically a question of affordability.

We also wanted to show leadership because there was a clear indication that the recession would end in the summer or early fall, but that the ending of the recession could be threatened if the government was to let the deficit slip and so necessitate grabbing all capital available, and thereby cause companies, who have been going through a hard recession, difficulty in accessing capital.

We also wanted to show leadership because there was very high inflationary pressures, mostly due to unit labour costs which went up by 25 percent, while American costs, by contract, stayed at zero, or basically at the same level. Therefore have a series of decisions was taken to maintain and indicate very clearly our commitment to sound fiscal management.

The day after we made the budget announcement, I remember meeting with Daryl Bean to explain to him what our position was. I had not previously informed him of our budget intentions. I tried to explain to him why we had taken these difficult decisions and what room we had to manœuvre. So we talked about job security and ways of making sure that our employees would see the brightest side of these difficult decisions.

Mr. Bean very quickly said—and you may have read about it following the budget—that he would never accept this, that this was a political strike, that he would prepare for it and that he would never, ever, give in to what he called the Conservative political agenda. I did not make any harsh statement at the time. I went around the country: I went from Thunder Bay to Vancouver, Halifax, Moncton, St. John, Toronto, Quebec, Montreal. I met with thousands of employees, union members, union representatives, managers. I tried to explain to them what we were going through and why it was crucial to their own future that we maintain control at a time when the fiscal situation of the government was at great risk.

Mr. Bean said that we legislated to implement our political agenda. Well, I have some surprises for him. Is it a Conservative political agenda that was implemented by certain of the provincial governments, of which many are Liberal? The Newfoundland government is not a Conservative government. They did not negotiate; they legislated zero percent. We decided we would not legislate; that we would try to negotiate. The McKenna government in New Brunswick did not negotiate; they legislated zero percent. The Manitoba government legislated zero percent. The Quebec government got the unions to agree to zero because of the very difficult situation the country was going through.

But Daryl Bean was preparing himself for his own election and he decided to have a go at us and to make it a political fight. I think anyone who has listened to him in the past few weeks will understand that he was more out after the government than he was concerned with the wellbeing of his union's members.

I stress that these are harsh realities that we must deal with. I might even add that one N.D.P. government—which can hardly be accused by Mr. Bean of being a Conservative government—has become caught up with the harsh realities of life and today announced that it would freeze for two years the salaries of certain categories of employees, including senior civil servants and politicians.

• (1830)

That is even worse. That is something we did not do because we put money in pay equity.

Mr. Bean says he is concerned with lower income people and women. The Ontario government had to make a difficult decision and announced today that it would save $50 million by delaying the improvement to pay equity and would delay spending another $50 million on the implementation of junior kindergarten programs.

So all governments in Canada have to deal with a difficult situation. The reality is that it has worked. We have seen the inflationary pressure go down. We have shown leadership. We have been followed by the provinces and the private sector. We have lower inflation and therefore lower interest rates, and we are seeing our way out of the recession.

Basically, honourable senators, I wanted to explain to you, as fairly as I could, the reasons why we took these measures. We tried to negotiated very openly. We spent 90 days at it. We had 30 days of conciliation and we could not get anywhere. Yesterday Mr. Bean explained that he was out to defeat this government, so there was not much chance for us to reach a settlement. Thank you.

Senator Frith: Mr. Minister, you have said that many other governments have legislated rather than negotiated and that you decided to negotiate first. Did you ever tell Mr. Bean that you were prepared to negotiate zero, three and three?

Mr. Loiselle: No.

Senator Frith: Was that, in fact, ever negotiable?

Mr. Loiselle: I told him that a collective agreement contains a large number of clauses. There are many different ways of improving the situation of our employees and, inasmuch as our target was not to penalize our employees in any way, we would do everything we could to try to improve their situation. But the zero, three and three was followed by the provinces. Even this morning a new union arrived at a tentative agreement with us with zero three in it. It became very obvious. But Mr. Bean said he would get the government to break this decision and go back on its fiscal decision, which was crucial, in my view, for the wellbeing of the country.

Senator Frith: But are we to understand from your evidence that when you said you decided to negotiate rather than simply to legislate, that "negotiate" meant no negotiation on zero, three and three?

Mr. Loiselle: We were not prepared to give in on the zero, three and three, but it was there to be discussed.

Senator Frith: But not given in on. Minister, I want to ask you about some specific points. Can we say that there will be no bonuses that do not go through this bill?

Mr. Loiselle: Yes. The government's decision at budget time was that this would be a zero year for everyone. The year does not necessarily start at the same time for everyone. Within PSAC there are some collective agreements, because it represents 28 different groups I think. Some kick in in August, some in September. For managers in the public service it kicks in in June. For crown corporations I think it is April. So as of April there is zero increase in salary for everyone until April, 1992. At the end of the year, when bonus time comes, the bonus will be zero dollars.

May I say that why it is not in the bill is because we have all kinds of premiums. For example, we have a premium for bilingualism, for ships quarters, and for working at night. There are all kinds of premiums we pay to our employees for different reasons and we did not want that to be covered.

Senator Frith: There could be premiums or bonuses that would be granted in spite of this bill?

Mr. Loiselle: Our decision is not to grant any bonus to anyone for the one-year period.

Senator Frith: Is it possible that there will be premiums or bonuses in spite of this bill?

Mr. Loiselle: It will not be possible, because it is not the policy of the government to do it and it will not be accepted at Treasury Board.

Senator Frith: Is there any room for negotiation on pay equity?

Mr. Loiselle: We were prepared to discuss pay equity at the National Joint Council because it is a question which goes beyond one particular union. As you know, we are dealing with a large number of unions, such as PIPS and others. The Alliance is not the only one. We do not want, in this particular area, to start making one deal here and another deal there; but we were quite open to discuss this. As you know, we made a considerable effort. We are abiding by the law, and in, I believe, January, 1990 we gave $370 million for pay equity, and we also announced that every year we would be giving $81 million to continue catching up. We have told PSAC that inasmuch as we have a judgment that is being discussed, we left it there. It is given to the individual, but it is not rolled into salaries. We told PSAC that one thing we can do with pay equity is to roll in the amount with the salary which, when they get 3 per cent next year, would raise the salary, and also when they get the pension. So we were trying to find within these budgets ways of trying to improve the overall package for our employees.

Senator Frith: I seem to be having some semantic trouble here. When I ask you, Mr. Minister, whether there is room for negotiation, you always answer using the word "discuss" rather than the word "negotiation." So that you will understand, what I mean by "negotiation", is flexibility, that there is the possibility of actually yielding position on it; but you say that you are prepared to "discuss" it rather than "negotiate" it.

Mr. Loiselle: No, we were negotiating. I must say we had a rather tight mandate, but if you look at the offers we put to PSAC I think you will find that in the circumstances a lot of people would be rather pleased to have this. When we agreed that we would put the legislation on hold and PSAC would ask the employees to go back to work, we agreed that we would not proceed with the bill or go back on strike until such time as the negotiations broke down. Mr. Bean said, "I am not going to lose time. I will give myself 24 hours or 48 hours and if I do not get anything serious I will leave."

I would like honorable senators to remember that Thursday evening we were still discussing and we put two offers to him, on employment security, which is very crucial to PSAC members, and we tried to do everything we could, within a fairly tight mandate, I do not disagree. My feeling was that Mr. Darryl Bean was trying to get through the back door what we could not give him through the front door, and our intention was not to give him 5 per cent indirectly; it was to try to deal with the realities of the money we have.

Senator Frith: Is there any reason why contracts are outside this?

Mr. Loiselle: It is because that would be totally impossible to manage. We hire secretaries from an agency for one week. It is not our mandate to ask her agency to impose zero, three and three. I do not think we can start regulating this. We can manage with our own employees, whom we control, but on contracting out we try to get the best possible deal, and when it is cost effective we proceed with that approach.

Senator Frith: The amount of contracts is quite significant, is it not?

Mr. Loiselle: I would not accept the numbers given by Mr. Bean. I think this number was picked out of his head. Canadian governments have been proceeding with contracts to engineers and lawyers for millions of dollars for decades, if not for a century, so this is a normal approach. The security of employment for Mr. Bean's members is theoretically the concern he has, but let me remind you that since 1986 the Treasury Board has had under it a quarter of a million employees. Approximately 1,200 have had to leave against their will, and, in most instances, because they did not find it convenient to move. We always take care of our employees. We spend up to two years retraining them. We offer them other positions. We pay for their transportation to these places. So we have a very good record. Last year, out of 210,000 employees, at a time when hundreds of thousands of Canadians were out of a job, 102 of our employees had to leave against their will. So I think we have probably the best record of any organization in Canada, if not in North America.

Senator Frith: You say that it is not practical to put a limit on contracts. My recollection is that the six and five policy did put a limitation on any contracts where there was a base line they could work on. I take it you could do that too if you so

wanted. Let me ask you about a mediator. Is there any chance that you have changed your mind and that there should be a mediator?

• (1840)

Mr. Loiselle: I would like to make this absolutely clear. We have entered into this in good faith. We have had 60 days of negotiation, 30 days of conciliation. We agreed to go back to the table. We made offers on the table. They were not the end of the world. Mr. Bean would have preferred an offer of a 6 percent increase, and I do not disagree with that, but we made two significant offers on Thursday evening. He didn't even consider them. The next day he broke the agreement we had by asking his members to go back on the street. Then he said, "Now that I have broken my side of the deal, you come back to the table or send out a mediator." With all these pressures, particularly with the way the pickets behaved—and this was not a very pretty sight for public servants—I found that very sad. Therefore, I was not at all inclined to appoint a mediator, and I have said there was no room for a mediator in that particular period. We had 30 days with a board of three conciliators.

Senator Frith: There was an amendment put forward that the Human Rights Act should have supremacy over the bill with regard to changes that might be sought to the compensation plans while the zero and 3 cap is in force; for example, in the event of a ruling on pay equity by the Human Rights Commission. Did you reject that as unreasonable?

Mr. Loiselle: Yes, Senator. What I can say is, there was a misunderstanding that was settled eventually with the Opposition. They were reading the act as if this bill would cause us not to be subject to the Human Rights Act, but the situation was exactly the opposite. We stated that our act would apply but that the Human Rights Act would have overall supremacy.

Senator Frith: I will be proposing some amendments, Mr. Minister, and I wanted to give you a chance to comment on the amendments. You have done so.

I have one further question, and it arises from a question asked earlier by Senator MacEachen of Mr. Bean. It deals with the question of time zones and implementation. My recollection is that you recognized, when the union last went back to work under the circumstances you earlier described, there might be some difficulty in implementation because of time zones. You responded favorably and gave us an undertaking that, notwithstanding clause 25, which is the clause on proclamation, a return to work at 12 noon local time on the day following assent would be acceptable. I can just leave it at that if you are prepared to give us the same undertaking that you gave on the previous occasion.

Mr. Loiselle: Our intent is that the bill comes into effect 12 hours after Royal Assent. Some people may be going to work at 4 o'clock in the afternoon, so it is the shift after the 12 hours. So eveyone has to abide by that. I do not think we would win anything by having this kind of disruption across the country. I think that 12 hours after Royal Assent, people should be aware of the bill. If there are peculiar situations respecting certain individuals, I am sure managers can deal with that with an open mind; but I would prefer we do it this way, that they are supposed to return to work 12 hours after Royal Assent and the next shift.

Senator Frith: Is that what worked last time? Are you giving us the same undertaking you gave us last time?

Mr. Loiselle: Yes.

Senator Frith: So gave the union the opportunity to get in touch with its members, and that aspect which concerned Mr. Bean apparently worked. Are you telling us that it worked last time to his satisfaction and yours?

Mr. Loiselle: Yes. I think the unions have found ways to get in touch with their members very quickly when they want to leave the workplace. So I should think it would work the other way around. In any case, the members will probably be made aware today of where we are.

Senator Frith: So long as we are clear on the record that whatever arrangement you and Mr. Bean made last time, that took into account the difficulty Mr. Bean raised—namely the fact that some members might have to start at 3 a.m.—you are also prepared to implement this time.

Mr. Loiselle: Yes. I said the 12 hours and the next shift. So that should allow all—

Senator Frith: Is that what you did the last time?

Mr. Loiselle: Perhaps I could ask one of my assistants. I am not familiar with all these details, unfortunately, but I can check that.

Senator Frith: I can leave that so long as I know that the same arrangements that worked last time are suitable this time to both the government and Mr. Bean.

Mr. Loiselle: We are very comfortable that this can work without any problem, and if there are problems, the managers will deal with them. I do not think senators should have cause to worry about this.

Senator MacEachen: On that point, I asked Mr. Bean about the problems caused for the employees by the "coming into effect" provisions of the bill, and I understood him to say that in Ottawa, for example, 12 noon had a certain significance in that it would require, if I recollect, up until 12 noon—

Senator Frith: Local time and the day following assent.

Senator MacEachen: If, for example, Royal Assent is given today, it would require up until noon tomorrow to provide sufficient time to have the employees back at work at that time.

Mr. Loiselle: Obviously, I do not share Mr. Bean's view.

Senator MacEachen: That is the request that Mr. Bean made to this committee, or asked, or made the view known. This is the type of undertaking you might give that would help the employees to go back to work. Are you saying you cannot make that undertaking?

Mr. Loiselle: No. I think that for the good of the employees, the sooner we get on with this and allow them to go back to their lives and their work the better it is. If we start playing with a few hours here and there and create time deadlines, there is the question of why not noon here and why not noon somewhere else. We are in a position to appreciate that there are difficulties. I would suggest 12 hours after Royal Assent. I do not know when Royal Assent would be given. That is not for me to decide. When it is given, we will give ample time for people to get back as quickly as possible, because they will be getting their salaries earlier.

Senator MacEachen: Your view is that "as quickly as possible" would be your requirement. If that turned out to be a situation where all employees went back together, and were given an opportunity to go back together, which is the desire of the leadership, in the interests of returning together—

Mr. Loiselle: But they are not necessarily all working together at the same place or the same shift. Some may start tomorrow afternoon and others may start tomorrow morning or tomorrow evening.

Senator MacEachen: I understand that.

Mr. Loiselle: I think it is going back to the normal working day. That seems to me to be the reasonable thing to do.

Senator MacEachen: But that would not meet what seems to me to be a reasonable request, namely, that employees be permitted to go back together, at the same time. This would obviously require different times in various time zones.

• (1850)

I gather that you are not ready to go that far; but you are saying "as quickly as possible."

Mr. Loiselle: I said the next shift. Our employees work at different periods of time. We also have time zones. That gives us all the time needed. Most of them would be glad to get this done and not start playing another game. They would then receive their salaries as quickly as possible. That is my view.

Senator MacEachen: Let us follow this up, because it is a key point. Suppose that the leadership decided to respond positively to the will of Parliament and ordered or suggested that its employees return to work by saying that "in the interests of our common action, which we have taken together, we return together."

Mr. Loiselle: But we are not organizing a manifesto; we are organizing a back-to-work—

Senator MacEachen: No; I am asking if that would satisfy you. Would that be "as quickly as possible" from a union point of view? Would that meet their requirements? In light of the result of this legislation—that is, the knowledge that the law is likely to be obeyed and that work will be resumed—a concession of that kind at this point would seem to be rather marginal. In the interests of overall tranquillity and harmony, certainly a healing process is required. This might be a gesture that would aid in that healing process.

[Senator MacEachen.]

Mr. Loiselle: Yes, you could interpret it that way. It is my great desire that we heal this situation as soon as possible. I will certainly be doing everything I can to accomplish that. Our employees deserve that. We had to go through this sad detour of a strike, which is unfortunate, because no one wins in the end.

Basically the longer they wait the more money they lose. I do not think there is any point in causing them additional harm. If they have personal reasons for not being able to make it, they will be considered and dealt with in an intelligent and open manner.

Senator MacEachen: I take it there is some flexibility in your thinking on these matters, which is desirable in these circumstances.

Senator Molson: Mr. Minister, I should like to ask you a question about the practice of contracting out. What is the general policy of the government with regard to contracting out? It is always brought up in union matters because, obviously, it is considered as something that affects the growth or membership of the union. To that extent it is undesirable. Mr. Bean brought up the fact that the cost of contracting out has gone from $2 billion to $5 billion in a few years. What is the general policy of the government with regard to contracting out?

Mr. Loiselle: Since 1984 we have tried to bring to our management some discipline of the private sector to. With the taxes that Canadians pay, they expect us to choose the most efficient way to operate. In so doing we have all been very careful to protect our work force. But we have to define contracting out. Mr. Bean talks about contracting out, but, for example, hiring lawyers is something that has been going on in the Canadian government for some time; we did not invent that.

Basically, when a manager realizes that he can, at a cheaper rate, more efficiently accomplish something that is limited in time instead of hiring new public servants, we do it. We have reduced the number of public servants by roughly 13,000 by attrition or otherwise. Whenever there is contracting out that applies to a unit, we have a work force adjustment policy. We have devolution, for example, and when an employee has to go to the private sector he wants us to pay 12 months salary. It is so much better working for us than in the private sector that employees must be paid to make the move. We must not be so bad as employers. We are careful to balance the two.

I have been a public servant for most of my life. I have worked with public servants in Great Britain, France, Italy and Africa. We have certainly the best public service in the world.

Senator Frith: Hear, hear!

Mr. Loiselle: But it has to be modernized. It is far too top heavy. In the process of managing our resources we cannot continue with it in its present state, with our spending $1.33 for every dollar that we receive. It makes for fantastic opportunities to spend, but it also creates problems.

We have tried to reduce spending. Contracting out is one way that is available to us. But the numbers that Mr. Bean quotes are totally irrelevant; I do not know where he gets them. Some departments have more, some have less. They come with proposals. The question is: How can we best manage the areas that we have to cover? In certain instances, contracting out does not make sense; in others it could be a way to be tried. We are open to ways of managing more efficiently.

Senator Molson: In the matter of contracting out, is any record ever kept of how many man-days will apply to any given contract, or is it merely the job to be done and the amount of money involved? Is the amount of manpower utilization taken into account in contracting out?

Mr. Loiselle: Yes it is. In a way it is part of the overall cost of any particular project. Honourable senators may like to know that we have been trying to move to operating budgets, where a department—for example, the passport office—can have enough fees to cover its costs, and so on. Instead of having person years, which is only one element of a particular project, we have an operating budget. We say to the manager, "To get this done, you have this much." You may say, "I will hire more people," or higher less, as the case may be.

We try to recruit good managers. We then write thick books about how they should buy a typewriter. We give them some responsibility. They may, within their resources, decide to contract out part of an operation. It has not increased to that extent, but it is there. The Government of Canada cannot manage such a huge organization without having access to all the tools that are available for efficient management.

• (1900)

Senator Olson: Mr. Minister, Mr. Bean told us a few minutes ago,—and you may have heard it before—that there was no discussion with him or with the bargaining agent for the union that there would be an ultimatum—that is the word he used. I call it an "offer"—of zero, three and three, prior to the budget announcement that was made on February 26. Is that the way to establish good labour relations?

Mr. Loiselle: Budget secrecy is something that can be discussed, and one can have different views about how it can be done. There are countries that have a very open process. In this particular instance I think the honourable senator would recognize that it would have been difficult for me to sit with Mr. Bean and tell him that tomorrow Mr. Wilson will announce this and that and that I am very sad or that it is terrible, or inform him of measures in the budget. I did meet with him shortly before and indicated to him that the situation was difficult, to the extent that he made a speech or a statement the day before the budget in which he said that if there were a freeze, it would be a political decision and he would fight it to the end. He had already made up his mind. Basically that is were we are. I could not inform him in advance.

I called him in the following day and went through the reasons. He looked at his personal PSAC case and never budged from it. He said that they had been targeted and asked me if I wanted them to reduce the deficit all by themselves, which is ridiculous and not at all the case. He said something to the effect, what is $2 million? If it is not much money, why should we worry?

Basically he decided that he would not accept this, and he said bluntly yesterday evening that his real intention was to overthrow this government. That is his problem. Basically we did not make much headway because of that. We were trying for the solution that the government had proposed. Again, when the strike was on I met with him and told him, in no uncertain terms, of the limits in the mandate of my negotiator. He said that he understood. It was not out of pleasure that we took these decisions but out of necessity, based on good fiscal policy.

Senator Olson: I understand that, but under the law you are required to enter into collective bargaining in good faith. I am pretty sure that is true. Do you think you can just make reference to a cabinet or government decision respecting a budget announcement and throw all collective bargaining obligations aside?

Mr. Loiselle: Tell that to the 146,000 Canadians who were thrown out of their jobs in January and February. Most of them had signed collective agreements. This is a tough reality that we are dealing with. People at Air Canada had a signed collective agreement; people in some provinces had signed collective agreements that were reopened. We are going through a very difficult recession and we decided, as the government, that we would do something about it and ask our employees to be part of the solution. One can agree or disagree, but I find that Liberal governments have done the same thing in the provinces this year. Conservative governments have also done it, and today the NDP government is doing it. So there must be something real about the situation.

Senator Olson: When both sides agreed to terminate the strike about two weeks ago or so, I am sure I heard you offer to negotiate. Now we are told that you went back to the table and said, "We are here but we can tell you already that the result will be zero, three and three." Is that right?

Mr. Loiselle: With respect, we offered much more than that because we put things on the table.

Senator Olson: As far as I am concerned, it was the same offer as on February 26.

Mr. Loiselle: We had our position and we said that we did not intend to move from it for obvious reasons. We have had many agreements. As I said this morning, we had a tentative negotiated agreement at zero and three. We knew it was possible, because six other unions had accepted that kind of an agreement, so there must have been some room to maneuver. I would not deny that the mandate was rather strict.

Senator Olson: We were also told that one of the preconditions of getting back to negotiation was that the union acccept the zero, three and three and then you would talk about other things.

Mr. Loiselle: What is the difference between a precondition and a condition? We do not ask you to fall on your knees and ask that you accept zero, three and three before we talk about everything else. We have always been open to that.

Senator Olson: So the assertion that you wanted them to agree to that clause before you got to talking about other things is not correct?

Mr. Loiselle: It is not correct.

Senator Molgat: I have two quick questions: The first one is a follow-up to what my colleagues, Senator Frith and Senator MacEachen, have discussed on clause 25. This has been a very difficult, process for everyone—the union, Canadians and the government. There will have to be a healing process. It seems to me that some give by you on clause 25 would go a long way toward assisting in that healing process. We have to face the fact that there are some difficult problems for the union.

I think there is such a thing as the Ottawa syndrome—and I should hope that you would not get caught up in that, Mr. Minister—whereby everything revolves around Ottawa. We heard from Mr. Bean today, who said to us that he did not like the legislation. We too, do not like the legislation, but given the circumstances it should pass at an early stage. Supposing we pass the bill between now and eight o'clock this evening. Twelve hours is fine in Ottawa, because that means that the bill will come into effect at eight o'clock tomorrow morning. However, Vancouver that is five o'clock in the morning. I think it is an unrealistic time.

So, Mr. Minister, I appeal to you to go back to what you arranged previously. You asked someone up in the gallery if what you were doing now is the same as before, and they shook their head. You may not have seen it, but I did. So I would ask you to go back as part of the healing process that we must go through. Would you be prepared to consider that?

Mr. Loiselle: You say that if we have Royal Assent here in Ottawa tonight at eight o'clock, it would cause problems in Vancouver. If it is five o'clock in the morning there, it gives them more time to get organized.

Senator Molgat: Yes, but very little time to reach those people during the night. Are you prepared to go back to the arrangement you had previously?

Mr. Loiselle: Which arrangement?

Senator Molgat: When you had an agreement with Mr. Bean as to the process of going back to work.

Mr. Loiselle: The 12 hours I have, of course, respected as well as the following shift. I think that we will capture most people. Some will jump a day, I suppose. But I think that would normally be sufficient for people to get back to the workplace. I think they will be anxious to go back. The healing process is extremely important and the sooner we get this behind us the better. If we start to have other people come in for those who stayed it may create other problems, so that may not be the best way to manage things. In all fairness, it is not a matter of a few hours, but a matter of trying to manage things as well as we can for the employees.

[Senator Olson.]

Senator Molgat: It also means showing some goodwill on your part, does it not, Mr. Minister?

Mr. Loiselle: The purpose of that plan is to try to get the healing process going as quickly as possible.

Senator Molgat: It seems to me that you are showing great rigidity. We were told that the day before the budget there were increases of some 4.2 per cent grnated to management groups. How can you justify that?

Mr. Loiselle: First of all, that is not correct. We had a group of managers make recommendations to a committee. These recommendations are brought to us in June after the year is over. The evaluation is made and it comes to us in the fall. The recommendation made by an outside committee of business people was 6.2. I said that I would not give that kind of an increase. I looked at the situation and compared it with numbers from outside, and I decided that for 1989-90 it would not be 6.2 per cent but 4.2, which is less than PSAC got for the same period.

However, for this year—June to June for senior management and April 91 to April 92 for government—it will be zero dollars for everybody, salaries and bonuses. The announcement was made because of the delay. If I had given them 6.2 per cent the previous December, nobody would have mentioned it. However, the announcement being made late in the year, they said that "you just got it," but the increase was for the previous year when everyone got a raise anyway.

• (1910)

That has never been made clear. I was surprised that even in Ottawa, where people should know better, they never seem to understand this. However, it was very useful for their arguments, but it is not the case that they got a bonus before the budget.

Senator MacEachen: Honourable senators, I presume that in reaching the fiscal objective which the government had in mind it could have been achieved in a different way. Instead of putting the zero-three-three in the budget, and in a sense putting aside the collective bargaining process, the government might have said, "In the next three years we are prepared to put aside X dollars for compensation increases and then we negotiate." That could have been put in the budget, apart from the numbers.

I am led to conclude that you must have had some symbolic purpose in mind, namely, to indicate to the country, through the budget, that you were being tough, because I think you could have achieved the same fiscal objective and maintained at the same time collective bargaining options. You could have done something in year one, and less in two, or more in three. Why did you choose that route?

Mr. Loiselle: With respect, we offered three per cent for the first year but we said there will be a trade off. We will freeze the wage budget. Every year we have a few thousand civil servants who leave by attrition. We said that no individual will suffer, but we will freeze the wage budget and we will give you three, but for every one per cent 2,000 positions will be

removed and that would be for 12 months, that is, from the date for the full convention. They said that we were asking them to pit one worker against the other. This is the reality Canadian companies have to live with every day.

Eventually with the months passing by, the year was too far advanced for us to be able to find this money without having to lay off people, because to get one per cent out of a shorter year more positions would need to be closed. So we said that we would go back to zero increase.

There was some flexibility. It could have been two per cent, without any members of PSAC practically losing their jobs. They made it a philosophical debate, so we could not get anywhere very fast for that reason.

Senator MacEachen: I take that point. However, notwithstanding that point there was the alternative of proceeding with a certain allocation for wage compensation over a three-year period, without specifying in the budget the annual amounts, and than to negotiate how the total allocation was to be divided. I just wonder why you did not choose to do that.

Mr. Loiselle: Yes, but, with great respect, two, two and two would be six. It sounds the same, but the end amounts are very different, and I know the honourable gentleman knows that.

Senator MacEachen: You are not dealing with the point, if I may say so, with respect.

Mr. Loiselle: I said, perhaps before you came in, senator, that indeed we wanted to send out a clear signal. There was this worry by people who were investing. They said that there was a recession, less money coming in to the government; companies and individuals were going bankrupt; there were more unemployed. This was dangerous and they would start charging us a price for it: higher interest rates. So we said we did not intend to budge because this was more important than a one-year difficulty. It would have thrown us into difficulty for many years; so we decided very openly to take difficult measures. They were all difficult; none of them were easy. We have been cutting for six years, but that is the price we have to pay.

Senator MacEachen: But you seem to have sought the most difficult route to achieve an objective that could have been achieved by an easier route and one that would have preserved collective bargaining. That is my opinion.

Senator Murray: Mr. Chairman, if I may, I know that honourable senators opposite have some amendments to propose, which they are as anxious to propose as we are anxious to hear them. With your permission, I will thank my colleague, the President of the Treasury Board, for appearing here and for his testimony.

MOTIONS IN AMENDMENT—MOTIONS NEGATIVED

Senator Frith: Mr. Chairman and colleagues, I have a series of six amendments to propose. I will make the following proposal and recommend that leave be granted for me to deal with them in this way: I will table the amendments. I will not read the longer ones, but will give an explanation of the pith and substance of each amendment and what its justification is. Rather than waiting to go through the bill and having me propose an amendment as the clause comes up, we might then vote on them *en masse*, as a group or as pooled. Those that are accepted can be considered included in the clauses of the bill when they arrive, and those that are rejected we will, of course, vote against because of your refussal to accept them. I say this to all my colleagues. There may also be some on this side who do not like these amendments, I do not know. That is my suggestion and I think I can do it in quite a few minutes, if you agree.

Senator Murray: That is agreed, Mr. Chairman.

Senator Frith: Honourable senators, amendment number one deals with the question of persons engaged as independent contractors. It is put into effect by amending clause 3 by adding immediately after line 2 on page 4 the words, "persons engaged as independent contractors." If you want to make notes, amendment number 1 deals with independent contractors.

I do not think that I need say anything more about that, except to tell you that my information is that the cost of contracting is about $5 billion plus and is higher than the entire salary budget of members of the Public Service Alliance, which is $4.7 billion. My justification for the proposal is that if fiscal restraint is really the purpose of this bill then contract increases should be similarly constrained.

Amendment number two is that Bill C-29 be amended by adding immediately after line 18 on page 4 the following, and it deals with the Treasury Board revising the classification system to incorporate fully into pay scales the compensation now paid to certain employees and groups of employees as equalization payments in respect of pay equity.

Therefore, amendment number two deals with the question of pay equity, which we and many others feel is a very serious lacuna in this bill in that it does not effectively deal with the question of pay equity. Honourable senators will have noticed that a good deal of the protest, and the very strong protest, by the members of the union was based on the fact that this legislation is particularly harsh on women and does not deal fairly with the question of pay equity.

● (1920)

The third amendment deals with the question of mediation and provides that the Chair of the Public Service Staff Relations Board shall name a mediator acceptable to both parties who will endeavour to mediate all matters referred to the mediator to bring about agreement between the parties. There are two other clauses that deal with the same point.

Senator Oliver: What clause is that?

Senator Frith: The section is after line 18 on page 4. It is a substitution. It makes substitutions to clauses 5, 6 and 7, which are really just to buttress those particular amendments.

Senator Kelly: That is not exactly crystal clear, senator. I cannot follow you at all; but I will try.

Senator Frith: My proposal was that I would tell you what the substance of each amendment was. If you want me to go through each one line by line, I will be glad to do that.

Senator Kelly: Senator, you started off—

Senator Frith: What we were attempting to avoid was your saying to me, "On what page is that?" and so on. I will start at the beginning and go through it page by page.

Senator Kelly: No, senator.

Senator Frith: If you are asking me what the subject is, the subject, whether you find it crystal clear or not, deals with that subject. If you want me to go line by line, I can do so.

Senator Kelly: You are misunderstanding me totally, senator. You started out identifying the page to which you were referring. I was hoping you would continue to do that. That is all.

Senator Frith: I will if you like. I read the first one on that basis because it was only one line. I did not do so on the others because when I asked for leave to do it this way I thought I could save time by saying what the subject matter of the thing was, leaving aside the question of wanting to say, "Oh, I see this comma is here and that is there."

The next amendment deals with awards, including wage rates and other terms. This is an attempt to allow the parties, if they agree in writing to do so, to amend the terms of a collective agreement or arbitral award except wage rates. This amendment allows for wage rates to be changed as well. It adds to bilateral agreement the possibility of wage rates, which is not possible under the bill as it now stands.

The fifth and last amendment deals with previous compensation plans to adjust by amounts agreed upon by the parties. It is just another version of my earlier amendment.

Honourable senators, if we want to vote on all of those, I will hand them to the Page and they can be taken to the Clerk at the table. We can then deal with them as a package. I have them in French and English.

Senator Murray: Mr. Chairman, I simply say for the record that we are indebted to the honourable senator and his colleagues for having raised each of these matters with, if I am not mistaken, the President of the Treasury Board during his testimony here. For reasons which the President of the Treasury Board advanced in his replies, I for one am not disposed to vote in favour of these amendments.

The Chairman: It is my understanding that there is agreement that we now proceed to vote on the five amendments.

Senator Frith: The amendments handed to the Table in a package are now before us, as explained by me and as commented on by Senator Murray.

The Chairman: I am not sure whether there is agreement for five votes or one vote.

Some Hon. Senators: One vote.

Senator Frith: One vote, unless anyone wants to vote on any one separately.

[Senator Kelly.]

The Chairman: It has been moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat, that the amendments as explained by Senator Frith and delivered to the Clerk at the Table be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Chairman: In my opinion the nays have it.

Some Hon. Senators: On division.

Motion negatived on division.

The Chairman: Honourable senators, shall the title of the bill be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause 1, the short title, stand?

Hon. Senators: Agreed.

The Chairman: Shall clause 2 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 3 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 4 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

Senator Frith: Since Senator Murray took a moment to explain their position, I will do the same in one sentence, although I am sure it is quite obvious. Because our amendments were rejected, we feel that the whole bill ought to be rejected.

The Chairman: Shall clause 5 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 6 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 7 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 8 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 9 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 10 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 11 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 12 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 13 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 14 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 15 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 16 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 17 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 18 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 19 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 20 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 21 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 22 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 23 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 24 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall clause 25 carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall Schedule I carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall Schedule II carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall the title carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall the short title carry?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Chairman: Shall I report the bill without amendment?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

Senator Bolduc: Mr. Chairman, I move that the committee rise and report the bill without amendment.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Gerald R. Ottenheimer: Honourable senators, the Committee of the Whole, to which was referred the C-29, respecting compensation in the public sector of Canada and to amend another Act in relation thereto, has examined the said bill and has directed me to report the same without amendment.

THIRD READING

The Chairman: Honourable senators, when shall this bill be read the third time?

Hon. Lowell Murray (Leader of the Government): Honourable senators, with leave, I move that the bill be read the third time now.

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

Senator Molgat: Honourable senators, before we agree to give leave on this matter I want to make our position unequivocally clear. We are opposed to this bill. We do not believe that this bill should carry. We do not believe the way the government has handled this whole affair has been the way it should have been handled. However, we heard this afternoon from Mr. Bean, who represents the union, that there should be no delay.

We know that the situation is creating hardship across the country. We realize the serious problem. It is only on this condition that we agree to the passage of the bill, but it is most reluctantly that we do so. We do not like this bill and are opposed to it.

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

Some Hon. Senators: Agreed.

Hon. Royce Frith (Leader of the Opposition): On division.

Motion agreed to and bill read third time and passed, on division.

• (1930)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1

THE SECRETARY TO THE GOVERNOR GENERAL

October 2, 1991

Mr. Speaker:

I have the honour to inform you that the Honourable Frank Iacobucci, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 2nd day of October, 1991, at 7:50 p.m., for the purpose of giving Royal Assent to a Bill.

Yours sincerely,

JUDITH A. LAROCQUE
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

[Senator Murray.]

PRIVATE BILL

UNIVERSITY OF EMMANUEL COLLEGE—BILL TO AMEND ACT OF INCORPORATION—MESSAGE FROM COMMONS

The Hon. the Speaker *pro tempore* informed the Senate a message had been received from the House of Commons returning Bill S-4, to amend the act of incorporation of the University of Emmanuel College, and to acquaint the Senate that they had passed this bill without amendment.

The Senate adjourned during pleasure.

• (1940)

ROYAL ASSENT

The Honourable Frank Iacobucci, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Thrown, and the House of Commons having been summoned, and being come with their Acting Speaker, the Honourable the Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act respecting compensation in the public sector of Canada and to amend another Act in relation thereto (*Bill C-29, Chapter 30, 1991*)

An Act to amend the Act of Incorporation of the University of Emmanuel College (*Bill S-4*)

The House of Commons withdrew.

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

• (1950)

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

That, when the Senate adjourns today, it do stand adjourned until Tuesday, October 22, 1991, at two o'clock in the afternoon.

The Hon. the Speaker *pro tempore:* Honourable senators, is leave granted?

Hon. Royce Frith (Leader of the Opposition): Leave is granted.

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

Motion agreed to.

RAILWAY ACT

BILL TO AMEND—SECOND READING

Leave having been given to revert to Orders of the Day:

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Hounourable Senators, the Deputy Leader of the Government and I have discussed this matter, and I understand that it is the desire of the government to move it forward. We have agreed to give leave, but I believe Senator Corbin wishes to make a few comments on second reading of the bill.

Hon. William M. Kelly: Honourable senators, with leave, I move second reading of Bill C-11, an Act to amend the Railway Act (grain and subsidies).

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

Hon. Royce Frith (Leader of the Government): Leave is granted.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Kelly, seconded by the Honourable Senator Barootes, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Eymard G. Corbin: Honourable senators, it is my intention to speak to this bill, but not at this stage, for obvious reasons. I will make my comments on third reading. This legislation takes away about $40 million from the economy of the Maritime provinces, and I want to address that matter when the bill returns from committee.

Senator Kelly: Honourable senators, I am pleased today to introduce second reading of Bill C-11. This bill implements an undertaking made by the former Minister of Finance in his budget of April 1989. Its purpose is to remove the federal subsidy on the eastward movement of flour and grain.

The cancellation of the subsidy was effective July 15th, 1989. Until this bill passes, however, the railways have no statutory basis on which to construct a new rate schedule. For that reason, and because this bill has been long delayed in its passage in the other place, I commend this bill to the Senate's urgent consideration.

To understand Bill C-11, one must understand at least some of the history that lies behind the so-called "At and East" railway structure. So, honourable senators, I beg your indulgence while I recite some of this history.

The "At and East" rates were originally conceived to allow Canadian ports on the Atlantic seaboard to meet competition from the Erie Canal which connected Lake Ontario directly to the Atlantic seaboard via Buffalo and New York. With the Erie Canal providing seaboard access at two and a half to three times less than the distance to Saint John and Halifax, Canadian ports simply could not compete.

As a result, on August 26th, 1927, the Board of Railway Commissions issued General Order No. 488, pursuant to which rail tariffs from the Georgian Bay ports to Canadian ports on the Atlantic seaboard would be the same as American rail rates from Buffalo to New York. Hence the name "At and East"; meaning "At and East" of Buffalo.

Later, the "At and East" rail rates were enforced for another reason, namely, to allow Canadian grain to be moved through Canadian ports by Canadian railways at rates commensurate with those of American railways transporting grain from Buffalo to New York.

During the period from the end of the Second World War until 1960 the Canadian rates were adjusted in lockstep with changes in the American railways as authorized by the U.S. Interstate Commerce Commission.

By 1960, however, the Canadian railways argued that they were carrying Canadian grain under the "At and East" freight-rate structure at less than their actual cost of carriage. This was partly due to rate reductions made by U.S. railways to respond to competition from the new St. Lawrence Seaway. However, to protect the producers' interests, the Diefenbaker government suspended a decision of the Board of Railway Commissioners that would have allowed an upward adjustment of the freight rates. That decision stood until 1966.

In July 1966 the Board of Railway Commissioners provided for subsidies to be paid to the railways to make up the difference between the mandated rates and the so-called compensatory rates approved by the board.

The "At and East" rates and the statutory appropriation of the subsidy were included in amendments to the Railway Act in 1967.

From 1985 to 1988 the subsidy cost the federal treasury some $127.5 million dollars, or an average of about $32 million each year.

As all subsidies tend to do, this one distorted market forces. The government believes that, in the long run, Canadian ports and railways can compete effectively with their U.S. counterparts, but have no incentive to compete if the subsidy remains in place.

The government realizes that the transition will be a period of some hardship to the Atlantic region, particularly for the ports of Saint John, New Brunswick, and Halifax. The federal government, through Agriculture Canada, the Ministry of Transport, and the Atlantic Canada Opportunities Agency, is working with agri-business in those ports, with the port corporations and the elevator operators, to ease this burden. Options being looked at include financial adjustment assistance and alternate agri-business trade. I understand that, as discussions are consummated, there will be firm announcements from federal and province authorities on the specific actions to be taken.

Honourable colleagues, there were statements made in the other place during consideration of this bill that the removal of the subsidy is the result of the Canada-U.S. Free Trade Agreement. I can assure honourable senators that this is not the case. This bill is motivated solely by a need to reduce government expenditures, to reduce economic regulations and return more to the discipline of market forces. The FTA is not part of it and has never been part of it.

Honourable colleagues, there is no point in ignoring or obscuring the fact that this bill, when implemented, will have an adverse impact, particularly in the Maritime provinces that are least equipped to withstand such an impact. As I stated earlier, the government is aware of this impact and is working

with the local authorities and groups to ease the transition. This was the subject of some comment in the other place.

I guess I have to say, as I have said before, "What is the government supposed to do in matters of this sort?" The larger question is that the deficit must be brought under control. During the debate on the GST, a consistent theme of the opponents to the GST was that the government should make cuts on the expenditure side. Where? People must understand that expenditure cuts will impact the greatest on those who can afford it least, namely, the poorest regions and those individuals and families in the lower economic strata. What those who demand expenditure cuts are too often saying is "Cut away, but do not gore my particular ox!" When their ox is gored, then we hear cries of outrage.

Bill C-11 is about responsible, strategic, expenditure cuts and economic deregulation. It demonstrates this government's commitment to fiscal responsibility and to sound deficit management. It is, therefore, part of a wider scheme, part of a wider approach to public policy which we on this side believe is necessary to assure Canada's prosperity in the coming years. As such, honourable senators, I commend Bill C-11 to your attention.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Kelly, seconded by the Honourable Senator Barootes, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

• (2000)

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Kelly, seconded by the Honourable Senator Barootes, that the bill be referred to the Standing Senate Committee on Transport and Communications. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I want to make it clear that our agreement to let it go forward for second reading does not imply necessarily that we will support the bill on third reading.

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

Motion agreed to and bill referred to the Standing Senate Committee on Transport and Communications.

THE LATE HONOURABLE HAZEN ARGUE, P.C.

TRIBUTE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have the unpleasant duty to inform you that a short time ago I was advised that our colleague Senator Argue has passed away. This is not totally unexpected, but there is no way to prepare yourself for something like this even if it is expected.

I suggest, honourable senators, that we adjourn immediately. We will deal with tributes when we come back. At the moment we might observe a moment of silence.

The Hon. the Speaker *pro tempore:* Honourable senators, let us observe one minute of silence in respect for our late colleague.

Honourable senators then stood in silent tribute.

Hon. Lowell Murray (Leader of the Government): Honourable senators, we will be attempting to make the usual arrangements with regard to transportation to Senator Argue's funeral. I do not have those details as yet, but the Speaker's office and the office of the Black Rod will have the information in due course and will be in touch with honourable senators.

Honourable senators, I move that the Senate do now adjourn.

The Senate adjourned until Tuesday, October 22, 1991, at 2 p.m.

THE SENATE

Friday, October 11, 1991

The Senate met at 9 a.m., the Speaker *pro tempore* in the Chair.

Prayers.

TRANSPORT AND COMMUNICATIONS

FIRST REPORT OF COMMITTEE PRESENTED

Hon. Finlay MacDonald, Chairman of the Standing Committee on Transport and Communications, pursuant to rule 105, presented the following report:

Friday, October 11, 1991

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

FIRST REPORT

Your Committee, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reports, pursuant to Rule 105, that the expenses incurred by the Committee during the Second Session of the Thirty-fourth Parliament are as follows:

1. With respect to its examination and consideration of legislation:

Professional and Special Services	$14,654.93
Transport and Communications	64.54
Other Expenditures	187.75

2. With respect to the study of Stephenville Inquiry, authorized by the Senate on June 28, 1989:

Professional and Special Services	$ 5,710.00
Transport and Communications	8,693.30
Other Expenditures	120.00

Respectfully submitted,

FINLAY MacDONALD
Chairman

AN ACT TO PROVIDE FOR THE APPOINTMENT OF A PORT WARDEN FOR THE HARBOUR OF QUEBEC AN ACT TO AMEND AND CONSOLIDATE THE ACTS RELATING TO THE OFFICE OF PORT WARDEN FOR THE HARBOUR OF MONTREAL

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Finlay MacDonald: Honourable senators, I have the honour to present the second report of the Standing Senate Committee on Transport and Communications, which report deals with the examination of Bill C-14, to amend an act to provide for the appointment of a Port Warden for the Harbour of Quebec, and to amend and consolidate the acts relating to the office of the Port Warden for the Harbour of Montreal, and to validate certain fees and charges established pursuant thereto:

Friday, October 11, 1991

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

SECOND REPORT

Your Committee, to which was referred the Bill C-14, An Act to amend An Act to provide for the appointment of a Port Warden for the Harbour of Quebec and An Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal, and to validate certain fees and charges established pursuant thereto, has in obedience to its Order of Reference of Wednesday, September 18, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

FINLAY MacDONALD
Chairman

The Hon. the Speaker *pro tempore:* When shall this bill be read the third time?

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Lynch-Staunton: Honourable senators, I will ask leave later to come back to this item in order to move the appropriate adjournment motion.

FOREIGN MISSIONS AND INTERNATIONAL ORGANIZATIONS BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-27, respecting the privileges and immunities of foreign missions and international organizations.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*Translation*]

AGRICULTURAL PRODUCTS MARKETING ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-16, to amend the Agricultural Products marketing Act and to provide for other matters in relation thereto.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*English*]

CANADIAN WHEAT BOARD ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-23, an Act to amend the Canadian Wheat Board Act.

Bill read first time.

SECOND READING

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave, now.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on the question of leave, I want to suggest that this might be the proper moment for us to reflect on this whole question of back-to-work legislation and the fact that we usually deal with it very quickly.

In the case before us, the legislation that is before us now, the effects of the strike on the economy and on the western economy particularly and on our position as a exporter of grain all mean that we cannot fault the government for wanting to introduce the legislation and asking us to deal with it now, rather than observing the two days' notice required by the rules.

Senator Lynch-Staunton: I think we have jumped the gun a bit. I called for leave, but we really are still on C-23.

Senator Frith: The bell that rang and brought me to my feet was the word "leave".

● (0910)

Senator Lynch-Staunton: May we correct the record and say second reading at the next sitting for C-23, Your Honour?

[The Hon. the Speaker.]

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the honourable Senator Lynch-Staunton, seconded by the honourable Senator Kelly, that Bill C-23 be placed on the Orders of the Day for second reading at the next sitting. Is it agreed?

Some Hon. Senators: Agreed.

On motion of Senator Lynch-Staunton, bill placed on Orders of the Day for second reading at the next sitting of the Senate.

THUNDER BAY GRAIN HANDLING OPERATIONS BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-37, an act to provide for the resumption of grain handling operations at Thunder Bay, Ontario.

Bill read first time.

SECOND READING

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

Hon. Lowell Murray (Leader of the Government): With leave, now.

Hon. Royce Frith (Leader of the Opposition): I hear the bell again. As I was saying, honourable senators, I do not fault the government for this legislation in the context I referred to, namely, the effect that it is having on our economy generally, and particularly on the western economy, on the farmers and all the grain producers and, as has been pointed out frequently in the debate on this subject in the other place and in the media, the effect it might have on our position and our reputation, not only as efficient growers of grain but as efficient exporters of grain. But I do think, because we have had and will have before us, we know, occasions when the Senate is asked to deal with back-to-work legislation quickly and is asked to grant leave to dispense with the provisions of the rules requiring notice, that it is an appropriate time for us to reflect on the effect that such legislation has on the collective bargaining process and to ask ourselves three questions: Do we and do Canadians generally still really support the principle of collective bargaining? Do we and do Canadians generally still really support the right to strike? Do we and do Canadians generally, at a time like this, consider this kind of legislation from the point of view of the workers, and particularly individual workers?

I think that most Canadians would answer the first question, "Do we still believe in collective bargaining as an important principle in Canadian society", in the affirmative. But—and of course it is the placement of the "but", as usual, that shows the distinction between the principle and the practice. In many cases we say, "I believe in such and such, but . . .". It reminds me of Kin Hubbard's *Sayings of Abe Martin*: "When a feller

says, 'It ain't the money; it's the principle of the thing,' it's the money."

We all say we believe in the collective bargaining process, "but..". That is what we will be saying today. That is what I am saying when I tell you that we intend to give leave. I will be saying, "I believe in the collective bargaining process." We are all saying, "Yes, we believe in that process, but not in this case." Why? Well, as has happened with this government's and previous governments' back-to-work legislation, when in certain industries the employer knows that eventually the effect of any strike on the economy will be serious, the collective bargaining process is affected because the employer knows in advance that he or she will eventually be able to win the strike. That contaminates the atmosophere for both parties. It weights the process in favour of the employer and deprives the employee and the union of their main negotiating strength.

We do not often have legislation brought before us ordering the employer back to the bargaining table. We have legislation, in this case, ordering the workers to end their strike. The legislation is back-to-work legislation, not usually back-to-the-bargaining-table legislation. We do not have legislation saying it will be an offence punishable on summary conviction or indictment of $1,000 a day if the employer does not get back to the bargaining table.

Senator Murray: We have ended lockouts.

Senator Frith: We have ended lockouts, and perhaps you will give us some examples, but it is very rare when compared to the legislation that tells the workers to go back to work: "We believe in collective bargaining, but not in this case."

Do we believe in the right to strike? Again, we will answer, "Yes, but not in this case because of the effects generally on the economy." It means, again, that if we get into the habit of passing such legislation, passing it promptly, that the right to strike, which is the only weapon the worker has, is taken away. The worker's only real weapon becomes a dud shell.

Thirdly, do we at such times make certain assumptions about the worker and the union? I hope we do not. However, underneath it all, are we assuming that the worker goes on strike and should be sent back to work because the worker is capriciously refusing to work or the union is calling the worker out on strike for capricious purposes? Do we and should we not remember, when we are passing such legislation, that from the point of view of the individual workers the chances are that it is a most serious thing for the workers to decide for themselves and their families that the workers will go on strike? It is worth pausing for a moment to realize that the worker we are sending back without a collective agreement goes on strike, puts at risk his house, his mortgage and maybe car and other payments, his rent, his food, his budget for clothing—everything that any other citizen of Canada relies on income to support—and takes the losses and debts that go with the mere strike pay that he or she will receive.

• (0920)

Honourable senators, I hope you will not consider it an imposition that I have used the motion for leave—which we will support—to give some perspective on this particular legislation and, more important, on this type of legislation, because we will pass it. There is no question that even without our support on this side it would pass, but this will not be the last time we will be facing its problems. These other dimensions of back-to-work legislation can easily escape our attention in the rush to deal with legislation abridging the rules, and so force the workers to give up the only real weapon that they have in the collective bargaining process.

Hon. Hartland de M. Molson: Honourable senators, I wish to ask a question of the Leader of the Opposition.

Part of the problem in a situation such as we have now, and have had as he mentioned several times, is that strikes appear to be against the public interest. We seem to use a very legalese term all the time referring to the "employer". That is part of the confusion that exists. In these strikes the employer is the people of Canada. That fact should be made a little clearer than always talking about the employer as though it was some tough bird from the middle ages who wanted to grind his people to death in order to make a lot of money. It may be the legal term, but it does not strike me as being the most effective description, because the employees certainly suffer from being on strike; there is no doubt about that. But the people who suffermost, if there is any suffering, are the people of Canada. To that extent constantly talking about the employer, when it is the people of Canada, is not terribly helpful to our own analysis of what is good and what is bad for the country.

Senator Frith: Well, honourable senators, we have to distinguish between who is inconvenienced in addition to the employer. The question of the employer in this legislation is not a matter of legal nuance. The employer is not the people of Canada. The employer is the grain elevators, private companies. It is not the people of Canada who are the employers in this case. However, in some cases it is. You could make the argument for the postal strike, for example, and for PSAC.

We have to make that distinction, but we also have to distinguish between the question of who is inconvenienced and the question of the right to strike, because the right to strike is a right to impose inconvenience, but, as I said in my other comments, what we say is, "Yes, I believe that the worker should have the right to strike; it is an inalienable and established right of every Canadian worker to strike—but not if it inconveniences me or my group's interests."

Hon. Efstathios William Barootes: Not every Canadian.

Senator Frith: That is the precisely point I will come to: Not if it inconveniences a lot of people, not if it affects the economy, not if I do not get my mail.

The right to strike is the right to get attention, to withdraw services and to inconvenience people. It seems to me it is a contradiction in terms to say "An effective but popular strike." Strikes, to be effective, are bound to end up being unpopular.

The whole point of the strike is to point out to people, "Look, I am being asked to work without a collective agreement, to serve you, the public, whoever you might be, and I am withdrawing that service because I think I have a legitimate complaint, and I want you to notice the fact that I am doing that." As Senator Barootes says, the right to strike does not exist for every worker.

Senator Barootes: So it is not inalienable.

Senator Frith: It can be alienated by legislation and we are about to alienate it; you are quite right. That is why I said that we talk about it being inalienable, as a principle, but in fact it is not, because we say we only agree with it in certain cases, and if those certain cases are cases where, as Senator Molson and Senator Barootes imply, it is such an essential service that that inalienable right ought to be alienated, then we should have the courage to delare them essential services and say that they do not have the right to strike, rather than say, "Oh yes, we believe you have the right to strike, of course you do, but not in this case, because your strike is proving too effective."

The Hon. the Speaker *pro tempore:* Honourable senators, am I right to understand that leave was granted?

Senator Frith: Yes, it is now.

The Hon. the Speaker *pro tempore:* With leave of the Senate and notwithstanding rule 58(1)(*f*) it is moved by the Honourable Senator Murray, seconded by the Honourable Senator Marshall that this bill be read the second time now.

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

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am sorry that you were called back here on such very short notice. Some honourable senators could not make it in time, others have been delayed this morning because of fog conditions at some of our eastern airports and still others are here at considerable inconvenience. I appreciate that fact and I thank you for your cooperation.

The situation that brings us here this morning is indeed an urgent one. We are called upon to consider legislation which passed through its three stages in the House of Commons yesterday to end the grain handlers strike at Thunder Bay and to resume operations there.

Honourable senators, last year 40 per cent of Canada's grain exports went through the Thunder Bay terminals. I should say at the outset that, historically—and I am told this by people who are in a position to know—these terminals have had a very good productivity performance. They have also had quite a good record of stability in labour-management relations. The parties have usually needed third-party assistance to come to an agreement, but come to an agreement they usually have done.

There have been three strikes in the past 23 years at Thunder Bay: In 1968 for eight weeks, in 1981 for 13 days, and in 1986 for five weeks. Even those strikes were settled by the parties themselves after a time and with some assistance from neutral third parties, and without the necessity of legislation.

• (0930)

In somewhat more normal times, then, it might have been possible for us to wait and hope that the parties would reach an agreement and end the strike as they always have done in the past. But these are not normal times, honourable senators. You will be aware of the grievous problems that our farmers, the farm economy and, consequently, the national economy is undergoing at the present time. Total farm income is at $2 billion this year, having been, I am told, at an average of $3 billion during much of the 1980s. Net farm income is falling by some 25 per cent this year, after falling by some 12 per cent last year.

Behind these statistics there is a story of personal and family hardship in the farm community, as all honourable senators know. There is also damage to the farm economy and therefore to the national economy—very considerable damage.

The Minister of Agriculture yesterday announced an aid package of some $800 million to Canadian farmers, on top of the arrangements that have been made in recent months for safety net income support programs.

Honourable senators are well aware of the subsidy wars involving the European Economic Community and the United States that have depressed grain prices. The price of wheat is now at $2; something which we have not seen since 1961.

We cannot place our export markets at risk. In the intense international competition that is a fact today, the best support that we can give to farm income is to ensure strong export markets. Indeed, it appears that this year export sales will reach $30 million tonnes, the highest since the 1988 drought.

Mr. McKnight indicated yesterday that considerable efforts are being made, and that there is a high expectation of increased sales to Eastern Europe and to the Soviet Union and, indeed, that increased credits are being made available to facilitate such sales. Exports of grain in any new sale to the Soviet Union would go through the Thunder Bay terminals unless there is a tie-up there taking us to the closure of the shipping season, with the result that all or some of that grain would not make it through the system to the customer, the Soviet Union. This would be a serious blow to our economy. It would be an even more serious blow to Canada's reputation as a reliable supplier of grains.

On top of all this, the PSAC strike, brief though it was, shut down the whole grain-handling system because federal grain inspectors and weighers are members of the Public Service Alliance of Canada. At Thunder Bay, the companies simply laid off all the grain handlers during the PSAC strike because the system could not operate without the inspectors and weighers who are members of PSAC.

The PSAC strike ended, and just when the grain started to move again, the Thunder Bay grain handlers stayed out and went on strike as they had a legal right to do.

[*Translation*]

Honourable senators, the previous collective agreement between members of this association and the union concerned expired nearly nine months ago, on January 31, 1991. A conciliation officer designated by the Department of Labour intervened in the spring but was unable to bring the parties to resolve their differences; although the negotiations made some progress, no settlement was reached.

[*English*]

As I am sure the minister, Mr. Danis, will tell you when he testifies here before the Committee of the Whole, he spoke to both parties last week without success. On Tuesday, he sent his Director General of Mediation and Conciliation, Mr. Warren Edmundson, to Thunder Bay in a last ditch effort to bridge the gap. At 2.30 in the morning on Thursday, negotiations broke off when it became apparent that the parties were too far apart to conclude an agreement.

[*Translation*]

Honourable senators, the bill before us now provides for the resumption of grain handling operations at Thunder Bay and the appointment of a mediator-arbitrator to consider all outstanding issues.

[*English*]

The Leader of the Opposition has said that the government and Parliament does not often act to send employers back to the negotiating table. However, honourable senators will note that one of the key provisions of this bill does precisely that: it would send both parties back to the table with the assistance of a mediator-arbitrator—not an arbitrator but a mediator-arbitrator; a neutral third party to try to bring the parties together finally to give them one more opportunity to reach an agreement between themselves, rather than have one imposed on them by the arbitrator.

[*Translation*]

Honourable senators, the bill extends the collective agreement from February 1, 1991 until a date to be set by the mediator-arbitrator, until at least January 31, 1993 but not later than January 31, 1994.

The duration of the collective agreement is precisely one of the unresolved issues between the two parties. That is why we will mandate the mediator-arbitrator to decide it.

• (0940)

[*English*]

Nothing in the proposed legislation restricts the right of the parties to agree to amend any provision in the agreement other than that relating to the term of the agreement. The bill also contains enforcement provisions to ensure compliance with the legislation.

While the Thunder Bay grain handling operations bill, Bill C-37, would bring an end to the current work stoppage, it also provides, as I pointed out a moment ago, an important alternative to an imposed settlement. The appointment of this mediator-arbitrator presents the two sides in the dispute with a further opportunity to avail themselves of neutral third-party assistance in arriving at a solution to their differences.

Honourable senators, there have been some discussions through the usual channels about how we should proceed with this bill. Before I sit down, I will indicate to honourable senators what I believe to be the consensus in this chamber on that matter.

If this bill receives second reading, it would be my intention to propose that the bill be sent to Committee of the Whole immediately. The Committee of the Whole would hear Mr. Daniher, who is the head of the union at Thunder Bay, and the honourable Marcel Danis, the Minister of Labour, who is standing by to be called. Those witnesses will be permitted to be seated at a table here on the floor of the chamber.

As we have done in the past, we will permit television crews into the chamber to record the proceedings of the committee, pursuant to the principles and practices governing the broadcasting of the proceedings of the House of Commons where applicable.

Any amendments proposed or any votes to be taken in Committee of the Whole would be taken at the end of the proceedings, and no motion that the Chairman do now leave the chair would be received during the deliberations of that committee.

Honourable senators, I believe that this represents the consensus that has been arrived at between the leadership of the two parties in the House. I would hope and expect that our friends opposite would confirm this. I conclude now by thanking you for your indulgence and soliciting your cooperation in the expeditious passage of this bill.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, first let me put on the record my agreement with Senator Murray's proposals to deal with the passage of this legislation today. That is certainly my understanding of the details as agreed to by Senator Lynch-Staunton and Senator Molgat, the Deputy Leaders of the Government and of the Opposition respectively.

I also want to put on the record some background information about the dispute that has brought us here today. Within the Transportation-Communications international Union, the inside grain-elevator workers are, as I understand it, represented by Lodge 650. That lodge went on strike on October 3, and there are some 700 workers on the picket line.

As I understand it, the main highlights of the dispute and of the government's actions to date are as follows: The contract expired on January 31, 1991. Labour Canada sent in a conciliator in June, 1991. Negotiations reached an impasse in August, 1991. The main issue in the dispute is pensions, which is a part of the job security package put forward by the union.

The conciliator filed a report to the minister in early September 1991 and, in keeping with the government's current policy, the minister chose not to appoint a commissioner. The minister released the concilator's report on September 24, 1991. The strike deadline was October 1, 1991 at midnight. Those are the highlights of the chronology.

The union's position will be explained by the witness, but I mention it here in case it could serve as a foundation for questions by honourable senators. In the past seven years, a thousand jobs have been lost at the Thunder Bay terminals. Of the 900 people still working at the terminals, 400 jobs are seasonal and the balance are largely part-time workers. In July of 1991, 29 people who each had earned 14 years' seniority, had their jobs terminated.

The pension issue is the key to the job security package being sought by the union. The union put forward a scenario on October 2, 1991, which we believe should and could have brought the company back to the table. The company is the Lakehead Terminal Elevators Association. My information is that they refuse to discuss the pensions issue at all, and that has been confirmed by Labour Canada. The union wants to go back to the bargaining table.

As I have mentioned, the two main issues in the strike are job security and pensions. The hourly rate is not a main issue. The labour minister, Marcel Danis, had stated that the government would not interfere in the dispute, but Charles Mayer, the Minister of State (Grains and Oil Seeds), publicly announced that the federal government intended to legislate the grain handlers back to work by the end of this week. That statement, which was published in newspapers and disseminated through other media, was made in the midst of negotiations and in the presence of an unofficial mediator.

As Senator Murray has pointed out, when the Public Service Alliance of Canada went on strike in early September, Thunder Bay grain handlers, in a show of solidarity, refused to cross their picket lines. As a result, grains for export were not loaded on ships. The Canadian Wheat Board estimated that about $36 million- worth of wheat normally moves through that port every week.

The resumption of strike action by grain handlers, following the termination of the public service strike, independent of PSAC's action, is admittedly creating serious problems in the Canadian economy. Obviously, when suppliers do not deliver the goods, they do not get paid. As Senator Murray explained, farmers are receiving rock-bottom prices for their grains due to international trade subsidy wars. Farmers are the first losers in the game— first losers I suppose after the strikers.

However, I am told that economic opportunities are being lost and Canada's reputation as a consistent supplier of grains can be tarnished. I am told also that some Canadian firms are being forced to turn to American grain suppliers to maintain production levels. With 40 percent of Canada's total grain exports and almost 100 percent of prairie grain exports being shipped through Thunder Bay, there is definite potential for serious economic damage.

• (0950)

Let me underline, let me repeat, but it is important for us to remember in approaching this legislation, that the strike is based mainly on job security and pensions. In the past five years the Lakehead Terminal Elevators Association, the employer, has cut approximately 50 per cent of the grain handlers' jobs; 1,000 jobs, with some estimates reaching as high as 1,500. The union is not requesting the indexation of their pensions; simply an adjustment to them based on inflation. At the table the employer offered a 3 per cent increase in income each year for the next three years, thereby completely avoiding the pension issue. The union has stated that the workers will not return to work until a contract is in place or they are legislated back to work. Unfortunately it will be the latter for them rather than the former.

The Minister of Labour appointed the Director of Mediation and Conciliation to assess the situation earlier this week and the federal government had hoped to see movement at the bargaining table as opposed to employing back-to-work legislation. As I mentioned, Mr. Mayer's public statement that the holdup on transportation of grains out of the port of Thunder Bay could not wait for mediation, and that the government would introduce such legislation, doomed those earlier talks on the spot.

In conclusion, on that background highlighting of the issues there can be no doubt that the recent series of strikes is damaging to the economy. The strike in Thunder Bay is causing economic damage to the farmers of this country who, as evidenced by demonstrations in Winnipeg, are already in a serious condition. The only action the government had taken was to appoint a mediator to assess the situation. In the meantime, one of the players refuses to address the issues while the other one refuses to return to work until a contract has been negotiated or until they are legislated back to work. And always hanging over any talks was the likelihood of back-to-work legislation, and that in fact was done before the week was up.

Grain handlers in Thunder Bay have walked off the job three times in the past 25 years — hardly grounds for an allegation that they have abused their right to strike. I repeat, they have walked off the job only three times in the past 25 years, and each time the dispute was resolved without back-to-work legislation. Twenty-five years without the kind of legislation that we are proposing to pass today.

In the other place Mr. Nault of Kenora—Rainy River proposed an amendment to clause 8(1) of the bill. The amendment was that a mediation-arbitration board be appointed within 48 hours after the coming into force of the act instead of a single mediator-arbitrator as referred to in the legislation and as underlined by Senator Murray. The board, in Mr. Nault's amendment, would consist of three members: One nominated by the union, one by the employer and a chairman appointed by the minister. The minister then would refer all matters relating to the amendment or revision of the collective agreement still in dispute at the time of the appointment.

The amendment was not accepted in the other place on the grounds that it was outside the scope of the bill because the bill had passed at second reading — which incidentally is not necessarily an inhibition to us at this point — providing for the minister to choose, recommend and appoint a mediator-arbitrator. Therefore it was ruled that any amendment that pro-

vided that he should set up a panel or board was outside the scope of the bill as adopted at second reading.

In any event, that is something we can ask the minister about at the Committee of the Whole stage. The only accepted amendment to the bill was proposed by Minister Danis himself, and that was to clause 14. It deals with a subject with which we dealt when we were dealing with the PSAC legislation; that is, the time when the workers must go back to work. You will remember that during the Committee of the Whole proceeding on PSAC, Senator MacEachen asked Mr. Loiselle if he could change the provisions of the timing for going back to work to permit a staged, across-the-country return taking into account the time zones. In this case we may not have that problem, because all the workers are, as far as I understand, in the same time zone.

The amendment accepted by the minister concerned this coming into effect of the bill and the time that the workers must return to their jobs. It is provided, as I think it was in the PSAC legislation, that it be the day immediately following Royal Assent of the bill to no less than 12 hours after Royal Assent. Of course that provision is already incorporated in the legislation before us because the copy I have before me is not second reading but the bill "as passed by the House of Commons October 10, 1991".

As one last point, I agree with Senator Murray that the provision for a mediator-arbitrator in this legislation is one of its attractive features. That provision did not exist in the PSAC legislation and that was the cause of a great deal of grief for the legislation, and complaint by the opposition and by the union. Here we have provision for a mediator-arbitrator. As Senator Murray said, it sends both the workers and the employer back to the bargaining table.

However, it does not answer the points I was raising because, although it does send the employer and the workers back to the bargaining table, because of the mediator-arbitrator it sends the employer back with all his status, rights and negotiating tools, but it sends the workers back with their right-to-strike hands tied. That is my objection to this kind of legislation in general and my insistence that it has this undesirable and unfair effect on the collective bargaining process, a process which we all, in principle, support. Let's be careful about the "buts" that we place when we say we are in favour of the bill in principle, except in the case of inconvenience or other considerations such as those that are raised here.

The Hon. the Speaker *pro tempore:* Honourable senators, before we proceed with further debate, is it agreed that the special provision for the proceedings of the Committee of the Whole, as described by Senator Murray and agreed to by Senator Frith, be adopted?

Senator Frith: We deliberately did not provide for a house order. We wanted the two deputy leaders to settle it and Senator Murray to put their understanding on the record. I think we can leave it at that, but I have no objection to the Senate's formally adopting it, if they wish to do so.

• (1000)

The Hon. the Speaker *pro tempore:* Shall the debate continue?

Hon. H.A. Olson: Honourable senators, I wish to say a few words about Bill C-37. Like Senator Murray, I am sorry that we have been called back for this purpose. On the other hand, I am not sorry that we have been called back, since we have many other matters to deal with.

As Senator Frith has pointed out, the proposed legislation is an intrusion into normal labour-management relations where the labour union has the right to withhold services—to go on strike, if you like—when the union is unable to come to an agreement with the company. In this case, honourable senators, the union has been without a contract since January 31. In the past, that has been grounds for an immediate strike. No contract; no work.

However, this situation has occurred before in relation to the grain handleres. In 1968, they worked long past the termination or expiry date of their contract with the terminal elevator operators and had to strike. I remember that rather clearly because the contract between the terminal elevator operators and the grain handlers' union, in that instance, expired on December 31, 1967. They continued to operate the grain elevators to the end of July 1968—six or seven months after the termination of their contract. However, the grain companies were not able to satisfy the reasonable demands of the union, and so the union went on strike on August 1, 1968. I cannot guarantee that these dates are exact, because I am speaking from memory. I do not have my notes in front of me. At any rate, there was a strike or work stoppage for approximately five or six weeks, with apparently no progress in reaching an agreement.

Honourable senators, I mention this because the government of the day obviously had some intense interest in the strike, and it intended to introduce back-to-work legislation. The Department of Labour went on to investigate the possibility of back-to-work legislation. However, I had a higher-than-average interest in the matter, because I was in the Ministry of Agriculture. We wanted to find out what the situation was.

Five weeks after the strike had started, the grain companies had offered less than half of what they really knew was necessary in order to end the strike. We asked, "Why are you offering these amounts when they are way below what you know is necessary in order to get the unions back to work?" The answer was a vague, "Well, they are not hungry enough yet after five weeks."

That, honourable senators, gave the signal that the companies were not being reasonable, and they were sitting back, knowing that the government and the Parliament of Canada would intervene in the situation. The longer they could keep the unions at bay and under the old contract with or without a strike, the more they were profiting from the situation.

Honourable senators, I mention this example because I hope that such is not the case this time. Yet, until we hear the witnesses in Committee of the Whole, we could easily have a

repetition of what happened some 23 years ago where companies simply waited, profiting from the knowledge that the Parliament of Canada would legislate the grain handlers back to work anyway.

Honourable senators, we will hear, of course, from the leader of the union involved. We will also hear from the Minister of Labour, but I wonder if we should not also hear from the negotiator for the companies? We perhaps should ask him one or two things about this dispute.

On the surface, the dispute appears to be over the right to continue contributing to, and increasing, pensions. This relates to a concern that the workers have over the diminishing level of employment at that port, perhaps due to the modernization of machinery. It may also be related to a downturn in the volume of grain passing through the elevators due to international difficulties in the grain market.

I mention this because I want to be fair. My position is usually from the point of view of the prairie farmers. As far as they are concerned, the grain should move continuously through the export terminals. I have no argument with that. That philosophy has been adopted in a lot of areas and cases; for example, we designate certain employees in the public service as essential workers. We do not allow the workers in the public service who issue old age pension cheques and unemployment insurance cheques to strike, because such cheques are essential to the income of the people who receive them.

Honourable senators, the same principle applies here. Grain handlers load the grain, the sale of which is absolutely essential to a farmer's income. I believe we should have a look at that.

There was an industrial inquiry into grain handling issues held in Vancouver in 1975. It may be that the government should take the initiative and say that the grain handlers be designated as an essential service for the purpose of ensuring that farmers' incomes will continue; designated in the same manner as employees in the public service to ensure that people such as old age pensioners get their cheques. It is even more important because at least in those cases you can write the cheque sometime later and you will get the same amount of money. In the case of farmers, with lost grain sales, it is not just the loss of income; it is the fact that that income is gone for a long time.

Canada has worked for a long time to be recognized as a reliable supplier of high quality grain. That is a reputation that you do not dismiss lightly. As Senator Murray said, these are not normal times. There is enough difficulty now with respect to income and all the reasons for that difficulty, as far as prairie grain farmers are concerned, even without a strike: Prices are down; volumes in some cases are down; and competition with some of the other countries is far more intense than it has been for years.

• (1010)

I suggest to you—and this has been pointed out a couple of times already today—that we need to retain our reputation as a reliable supplier of grain. If we do not, our customers will order it from other places in the world where there are ample supplies. For example, Europe, the United States, Australia and Argentina all have grain on hand now in excess of their marketings. There is a great deal of grain available and we should not make the situation for grain farmers more difficult by this kind of situation.

Therefore, honourable senators, there are a lot of questions that need to be asked with respect to this strike. The grain handlers already had the elevators shut down when PSAC was on strike because the grade inspectors and the weighing inspectors, who were part of the Public Service, were out. However, the grain handlers did not call the strike until after the PSAC strike had been settled. Their reasons for doing that are obvious. However, we should try to find out more from the people involved. That is why it would be useful if the representative or the chief negotiator for the terminal operators were here so that we could ask some questions about that sitution. I do not know whether he is available or not, but it would be helpful.

I understand that in Vancouver they reached a settlement with their grain handlers. There exists about a $2.50 per hour difference—that is, there is a higher wage level in Vancouver than in Thunder Bay. That is not unusual. That represents the traditional differential that exists. I should like to ask—and this should be addressed to someone who can give us the answer—whether or not there were other terms and conditions that were different at Vancouver that enabled them to reach a settlement, than at Thunder Bay, where they could not.

Honourable senators, I will leave it there. As I tried to point out, there are a lot of unanswered questions about the background information respecting this dispute. The best thing to do is to wait until we can ask some questions of the people who know. I wanted to raise these few matters because there have been some problems in the past where the trouble is not all on one side of the table. Yet when the government brings in back-to-work legislation, as Senator Frith has so well pointed out, it is always directed at the labour unions and at the workers. They are told to do certain things—for example, they are ordered back to work and the employers are ordered back to the bargaining table. Failing an agreement, there is mediation and then arbitration that comes into play under this bill.

We need to modernize our labour laws in relation to back-to-work legislation, which should be used very seldom, and only as the ultimate redress. There should be some way in which to indicate that the employers are under some duress, and not only the workers, when we impose back-to-work legislation. Perhaps we could look at that situation again.

Honourable senators, I thank you for the opportunity to say these few words. I hope that perhaps the people who will be appearing in the next few minutes, if that is when they are scheduled to appear, will understand the areas where I have some concern about this kind of legislation.

Hon. Joyce Fairbairn: Honourable senators, we have a bill before us today that is a clear illustration of a practice that is

becoming a habit. For the second time in just over a week we are legislating Canadian workers back to work. Questions have been raised this morning about our commitment to collective bargaining. These events also raise warnings about the question of labour unrest across this country.

Last week it was the public servants; today it is the grain elevator workers in Thunder Bay, who have been on strike since October 3. This week an attempt was made to resume negotiations in Thunder Bay, which had been stalled for seven weeks. At that delicate point the Grains and Oilseeds Minister, Charlie Mayer, announced publicly that back-to-work legislation would be introduced. As has been mentioned by Senator Frith, that announcement basically torpedoed or undermined the talks and any chance of swift progress towards a negotiated solution, which had been sought by Mr. Mayer's colleague, the Minister of Labour.

Caught in the middle once again are the Canadian farmers. They have been hit by a series of disasters in recent years. All of us know about them: Recessions, droughts, floods, plagues of insects, rapidly diminishing prices and skyrocketing input costs, accumulated debt, lost markets, international subsidy wars. The farmers are smack against the wall and a labour disruption halting the movement of grain to export is just another devastating hit. It is very sad, honourable senators, because this is not a battle between farmers and grain handlers—it is a battle of both for their survival.

I will talk about the farmers in a minute, but I want to review briefly the position of the workers at the Port of Thunder Bay, who must not be cast as convenient villains in this disruption. For the past several years they have lived under a cloud of enormous uncertainty, insecurity and, undoubtedly, fear for the future of themselves and their families.

In the last seven years 1,000 jobs have been lost at the Thunder Bay terminals. Of the 900 people left working at those terminals, only 400 have full-time jobs. "Full-time" at those terminals means a maximum of six months out of a year. The rest are largely part-time workers.

In addition to wages, the core concern of this dispute is pensions, retirement benefits. That is a key part of their job security. I understand that the company, Lakehead Terminal Elevators Association, has virtually refused to deal with the pension question and that clearly must be central to the discussions that will follow the passage of this legislation as a part of the meaningful mediation and arbitration process that is contained in the bill and it is a welcoming part of the bill.

● (1020)

Honourable senators, more than that, the workers, the employers and the people living in Thunder Bay at the Lakehead need to have an idea of what lies ahead for them in the future. It is critical to the viability of that community to know what is the future for grain handling at the Lakehead. Will that future be one where the movement of grain for export—now 40 per cent through Thunder Bay and the St. Lawrence Seaway—will be primarily directed through west coast ports? I hope not, but that is the speculation in Thunder Bay. Consequently it fuels the uncertainty and the fear in that community, not just among the workers involved but among all the other sectors that are affected by the economy of the grain trade.

So in fairness, what is the future for this product at this port and for all those associated with the industry? That question goes well beyond the technical clauses of the bill before us today, but it is also very relevant to it. It is a question of government policy that must define the future of the grain industry in Canada. The answer is as fundamental to the grain elevator workers at Thunder Bay as it is to the farmers in the west.

Senators in this house have heard repeatedly of the desperate difficulties of farmers across the country, particularly the grains and oil seeds farmers in western Canada. Quite simply, they have gone through hell in recent years, largely through events beyond their control. Let there be no doubt in any mind that Canadian farmers do their job well; they always have; they are the best in the world. As one young farmer in my area told me just this week, the current survivors of our farms are indeed the best because they have had to overcome unbelievable adversity just to stay on their land when thousands of others have been forced to give up and move away.

Disruptions, such as the one at the Lakehead, regardless of the cause, are truly devastating to the farmers who have seen the price of their product plummet to around $2 a bushel this summer, which is far short of a survival level. It has been a very bitter summer which has seen terrific growing conditions on the prairies and marvelous crops. Instead of the joy that a fair price would bring, many farmers in my area have literally been praying for hail because they can make more out of insurance than they can by selling their grain.

Our farmers are exhausted because they can only survive by combining their field work with part-time jobs. Their wives are working full time. Their families are suffering, as all of this extra effort still cannot produce a livable income. Family violence and marital breakdown have increased. Illness, physical and psychological, has spread in a deeply distressing manner. It is well known in the farm community that the suicide rate has taken an alarming jump in recent years.

The reality of the despair in our farm community is a daily tragedy in this country, which, until recently, has been occurring quietly and beyond the gaze of urban Canada. In many ways it is very different from the loss of a job, which is always enormously distressing. But losing a farm and being forced to abandon the land is truly a loss of a way of life. That may sound trite, but, to a farmer, this loss is not just of a product or a machine or even a home. It is a loss of identity and purpose and personal pride. It is seen as a personal defeat and a personal failure. There is not another kind of job that can compensate. That is why the farmers of this country consistently go to such extraordinary lengths to stay were they belong. Today is as tough as it has ever been for farmers in the history of Canada. They want to know whether indeed they have any viable future at all.

Yesterday the government announced an $800 million farm-aid package as part of a strategy to deal with the income problems of our farmers. Some $700 million of that will be directed to grain farmers. While this is decidedly welcome, it falls well short of the $1.3 billion shortfall in the last crop year. It is part of the so-called third line of defense to assist farmers until the longer term benefits of the new safety net programs are realized. I was disturbed yesterday to be told by one of the farm leaders in this country that the new aid would not be paid until just before seeding time next year. I sincerely hope that is not the government's plan, because it is unrealistic and it is unacceptable. That money is needed desperately now. There are clearly mechanisms that could deliver it to the farmers quickly.

The government also underlined the importance of increasing pressure to resolve the international pricing war between the United States and Europe as well as looking into increased credit for the sale of grains and other commodities to the Soviet Union and perhaps elsewhere in Eastern Europe. All of this must be done.

Fundamental to the strategy, however, is the absolute assurance to our farmers that they are fundamental to our country's stability, that the ability to feed a nation is basic to its sovereignty and its independence. We express often our anger at European countries for heavy subsidization of their agricultural sector because the result has been a battle between Europe and the United States which has devastated Canadian grain prices. There has to be a compromise on this issue or our international trade structures within the General Agreement on Tariffs and Trade will crumble.

However, when we look at Europe we must ask ourselves why those countries have so stubbornly and extravagantly protected their farmers, so that now they rank as the second largest exporters of wheat in the world. The motivation for that European drive is embedded in the history of lands being ravaged by war after war after war, and people going hungry and starving as food supplies have diminished and disappeared. The countries of Europe in these post-war decades have determined that will never happen again, that the production of food and those who grow it are integral to their existence as nations.

• (1030)

Honourable senators, I am not sure that we have made that fundamental decision here in Canada, in spite of the variety of measures we legislate. I believe we must make that decision or part of our national structure will disintegrate and disappear to be replaced by solutions and products and control from outside our national borders.

We are talking again throughout Canada about our Constitution, which is the document defining our essence as a nation. I believe that an unswerving commitment to those who produce our food is an essential element of that sovereignty. It is a commitment which must be repeated and reinforced, not just by financial resources but by initiatives, innovations and technologies which will open new directions for our agriculture sector both in Canada and abroad.

[Senator Fairbairn.]

The bill which we must pass today deals with the settling of a strike. But the issues which have built up behind that bill have profound implications for our country's future productivity.

Honourable senators, farmers and workers are losing faith in our political process. In their thousands they have come out to protest. Farms from Lucknow in Ontario to Rosetown and Battleford in Saskatchewan; from the towns of Stavely and Milk River in southern Alberta to Winnipeg, Miami and Brandon in Manitoba. Indeed, this morning after I entered this house I received word that farmers in the county of Warner, very near where I come from in southern Alberta, are announcing today they are going to withhold grain, refuse to deliver it to the elevators; it is the first time in 30 years.

These are tactics of desperation and all of our governments and political parties must listen because all Canadians have a stake in the outcome of the turmoil in this industry.

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform you that if the Honourable Leader of the Government speaks now, his speech will have the effect of closing the debate.

Hon. Lowell Murray (Leader of the Government): Honourable senators, in rising to close this debate, I wish to thank colleagues who have participated in it. I appreciate the forceful comments that we heard from our colleague, Senator Fairbairn, on the situation in the farm community. As I said in my opening remarks today, the statistics that are familiar to us all on farm incomes and wheat prices and so forth have behind them a good many tales of personal hardship and tragedy in the farm community. They are also wreaking considerable damage to the farm and national economy.

Having said that, I think it is only fair to state for the record that in the past seven years the federal government has brought some $11 billion of aid to the farmers of Canada.

I appreciate their impatience and what Senator Fairbairn has described as their lessening confidence in the political system. This is especially pronounced in the case of the inability of many countries to end the damaging subsidy wars that pit the European Economic Community and the United States—forces which have, as the saying goes, very deep pockets—against each other in a war that seems to have done nobody any good and has brought wheat prices to levels to which they have not plunged since 1961.

The Prime Minister of Canada put agriculture on the agenda at the G-7, the group of heads of state and government. We are working resolutely through the G-7, through the Cairns Group, through the multilateral trade negotiations, to bring an end to these subsidy wars and to arrive at a just solution to these problems.

In the past few years, as I said, we have brought $11 billion of aid to Canadian farmers. I remind the honourable senator of that and think it is important for the record to point that out and perhaps to detail it briefly. In 1986, we brought in $1 billion through the Special Canadian Grains Program; in 1987, another $1.1 billion was brought in under the Special

Canadian Grains Program, phase two. In 1988, there was $850 million in the Crop Drought Assistance Program. In 1990, there was $500 million in the Special Income Assistance Program; and, in 1991, there was $600 million in farm support and adjustment measures.

The honourable Senator Fairbairn has also raised the question of the timing of the present aid package and when it would be available. This $800 million will be flowing to farmers before seeding time next spring.

Meanwhile, I think I should point out that some $2.5 billion under GRIP, the Gross Revenue Insurance Program, and NISA, the Net Income Stabilization Account, will be flowing to farmers over the next nine months, $1.5 billion between now and the end of the 1991 calendar year and the rest of it in the first six months or thereabouts of the calendar year 1992.

This is of considerable assistance to farmers, farm families the farm communities and indeed to the national economy. It is not as much, as Senator Fairbairn has pointed out, as was asked for, but honourable senators are not unaware of the tight fiscal situation the government faces. We have had to squeeze very considerably to obtain the $800 million announced yesterday by Mr. McKnight. We have not hidden from the country the fact that we will not be able to find all of this money by re-allocating funds from other programs.

• (1040)

Senator Frith: Is it still the fault of the Liberal Party that you are out of money?

Senator Murray: It is still the fault of the Liberal Party that this government is spending between 30 and 40 cents for every dollar we take in on interest on the debt piled up by their irresponsible spending.

Senator Frith: I suppose, if, God forbid, you happen to stay in power for 20 years, all your failures will still be the fault of the Liberal Party.

Senator Murray: My honourable friends opposite have been stirred to intervene. I did not think that my speech was being unduly provocative. I thought I was being quite non-partisan. My friends have only to examine the national debt and subtract from it the portion of it—

Senator Olson: People stopped believing that story three years ago.

Senator Murray: It is nevertheless true. My honourable friends can look at the size of the national debt—

Senator Frith: And you have done nothing to increase the national debt; is that right?

Senator Murray: It is very easy to calculate how much of that national debt was run up under their government.

Senator Frith: And how much under yours?

Senator Murray: By doing so they can find how much of the compound interest that we are paying on the national debt is caused by the debt that they ran up.

Senator Frith: And not because of what you have done while you have been in government; it was all done by previous Liberal governments.

Senator Murray: I have already explained to honourable senators on many occasions during the oral question period that we are running a considerable surplus on the ordinary account. We are running such a surplus on the ordinary account that the annual deficit—

Senator Frith: We used to use that argument, too.

Senator Murray: —is more than accounted for by the interest that we have to pay on the debt they left us with in 1984.

In any case, honourable senators—

Senator Olson: It is no wonder nobody believes you.

Senator Murray: I can put the figures on the record easily.

Senator Frith: Why don't you do that? We will put some on, too, and we'll see.

Senator Murray: I have done it. The figures are there in black and white for honourable senators to see, and for anyone to interpret them.

Do honourable senators deny that for some years now we have been running a surplus on the operating account of this government, and that the deficit—

Senator Gigantès: I will deny anything you say because I cannot trust you.

Senator Murray: Then, of course, there is no ground for a rational debate with the honourable senator.

Senator Barootes: Who do you trust except Trudeau? You have never trusted anybody but Trudeau.

Senator Murray: There is no basis for a rational debate with the honourable senator whose nose is buried as usual in some newspaper half listening to the debate.

Senator Gigantès: When you talk I need some entertainment.

Senator Murray: I welcome the honourable senator back from his travels. I hope that he might be able to pay some attention to the debate rather than burying his nose in the newspapers as he invariably does.

Senator Gigantès: It is to keep me from suffering shock.

Senator Murray: Honourable senators, I simply want to say that Senator Olson raised the question earlier, as he did in the oral question period some weeks ago, of whether employees at the grain terminals, inspectors and so forth, ought to be designated essential workers. As I explained to him at that time that the concept of designating essential employees extends largely to those who are responsible for public health and safety. That is the law at present. If that is to be reconsidered, and the whole question of economic security is to be taken into account in designating essential workers, then that is something that would have to be done—

Senator Olson: That is not quite right.

Senator Murray: That is what the honourable senator is suggesting. He is suggesting that in the private sector, under federal jurisdiction, employees such as grain inspectors and weighers ought to be designated essential. He is extending the concept of essential employees to cover, not just health and public safety, but economic security. He has the right to make that argument. It is a valid argument. It can be made and should be made in connection with an overall consideration of the Canada Labour Code. I invite him to do so.

Senator Olson: I will.

Senator Murray: As the honourable senator has said, there are many unanswered questions. He will have an opportunity to put some of those questions to Mr. Daniher, the Executive Vice-President of the Grain Division of the Transportion-Communications International Union, who will be invited here in a few moments to testify in Committee of the Whole, and to the Minister of Labour, Mr. Danis.

With those few words, honourable senators, I again thank you for your indulgence. If this bill receives second reading, I will propose that it be referred to Committee of the Whole, where we can hear witnesses and proceed to a clause-by-clause consideration of the bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

Hon. Lowell Murray (Leader of the Government): Honourable senators, I move that the bill be referred to a Committee of the Whole and that the Senate do now resolve itself into a Committee of the Whole to hear from the witnesses.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Before we do that, honourable senators, do we have the understanding that there will be a break and that the television cameras will be allowed in?

Senator Murray: We have agreed that that could be done under the usual conditions, yes.

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

Hon. Senators: Agreed.

Motion agreed to.

CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Gerald R. Ottenheimer in the Chair.

• (1050)

The Chairman: The Senate is in Committee of the Whole on Bill C-37, a bill to provide for the resumption and continuance of grain handling operations at Thunder Bay, Ontario. Shall the title be postponed?

Senator Murray: Honourable senators, yes. I understand that Mr. Herb Daniher, Executive Vice-President of the Grain Division, Transportation-Communications International Union, is here with a colleague and is ready to proceed. Therefore, with the permission of the committee, I would ask our Deputy Leaders to bring Mr. Daniher and his colleague to the witness table.

Pursuant to agreement, Mr. Herb Daniher, Executive Vice-President of the Grain Division, Transportation-Communications International Union, and Mr. Warren Edmundson were escorted to seats in the Senate Chamber.

The Chairman: Honourable members, I welcome Mr. Herb Daniher, the Executive Vice-President of the Grain Division, Transportation-Communications International Union, who is here to answer questions from honourable senators.

Senator Frith: Does he have an opening statement?

The Chairman: Mr. Daniher, if you have an opening statement before questions, then the senators would be pleased to hear it.

Mr. Herb Daniher, Executive Vice-President, Grain Division, Transportation-Communications International Union: Basically, it has been an eventful 72 hours; it has been an emotional 72 hours. I welcome the opportunity to come here and put forth the workers' side of the story, not only on the back-to-work legislation to have the operations in Thunder Bay up and running again, but also to deal with some of the outstanding issues that, to a certain extent, have been misrepresented to the Canadian public.

The first thing I would like to do is focus on just whom the dispute is with. There seems to be a veil which Lakehead Terminal Elevators Association hides behind, the veil of the farmers' unfortunate circumstances. I think that it is unfortunate that the six companies cannot be listed every time they are talked about, because I think it is important to identify to the farmers out west and to the Canadian public exactly whom we are dealing with here.

As the story goes, the companies like to paint the picture that it is grain handlers, east or west—in this case the Thunder Bay grain handlers—versus the farmers. That definitely is not the case. The struggle that we are facing here is basically the grain handlers versus the establishment: versus Saskatchewan Wheat Pool, versus Richardson's Terminals, versus Cargill Grain, versus United Grain Growers, versus Parrish & Heimbecker Limited, and versus Manitoba Pool Elevators.

These are big businesses. This is big money. I have their annual reports here and I was going to review them, but I think I will stick to the more salient points. These companies are making millions of dollars in their terminal operations. The farmers are, on the other hand, facing 1970 or, as was said here earlier today, 1961 grain prices. But make no mistake, the terminal elevator companies are earning 1990 tariff rates. That must be understood. They are not dealing with the same rates as the farmers. These companies are making millions of

dollars off the backs of the workers and off the backs of the farmers. It is high time that the true story was told.

A brief history of the Thunder Bay situation has been basically presented both in the House of Commons and here today. When I first came on the scene and began working in the grain business in 1975, I was 17 years old, just out of high school. Things were great at the elevators then. We had 1800 people. We had 300 or 400 university students who worked four or five months when it was busy in the summers. I began working in 1975 and worked fulltime in the early eighties. I earned a good income. There was overtime. We were earning a good salary.

● (1100)

However, in 1984, that all came to a shocking end. We see reference in the press to the fact that since 1984 we have lost 1000 full-time jobs. Our membership has dropped from 1800 to 900. Of the 900 people we have left, approximately 400 work what we would call full-time, which would be 10 to 12 months. The rest of the membership works 6 months or less. Due to the fact that we have been designated a residual port, depending on your seniority you get three months in the spring and three months in the fall.

I have 15 years at the terminals. In the past year I have been on leave of absence working in the position I now hold with my union. The last time worked for the terminals, approximately one year ago, I had 15 years' seniority and I worked 6 weeks. That's it. My total income, including my vacation pay for the year, was $6,000. When we deal with the job security issues I will tell a few more sad tales about the people who are right behind me on the seniority list and no longer have employment. People with 14 years' seniority were terminated as recently as the end of July of this year.

Just to relate to the situation of how we were being treated by the terminals with regard to job losses, there was some rationalization, there was some technological change, and the industry took a shift to the west. We have to deal with those realities. The rationalization had basically come to an end in Thunder Bay. They were at a level where they were starting to maintain the workforce, even though it was part time. The terminations had almost stopped. There were 29 individuals whose work was terminated on July 31. In fact about 60 people were on what I call the chopping block, who in fact would have lost their jobs before the season started. They would not have worked a day in 18 months. Those people were going in early January and February to get their last vacation paycheques.

When they went into the terminal facilities, specifically in the case of the 29 people who were terminated from Saskatchewan Wheat Pool, they were being asked to reapply for their jobs in the spring. They would terminate them April 1 and maybe hire them back in early March or in May. We took that to the bargaining table. It was the first thing on the agenda in the early meetings in January. In fact there were 60 individuals across the waterfront who would have been in the same circumstances. We were able to convince the company and in a way force the company, because we took a negotiating stance that we would not have a collective agreement; this thing would be hanging over our heads like the blade of a guillotine.

In fact we were able to secure an extension of these people's seniority rights on the basis that they were telling these people that they wanted them to put their names in to be re-employed; but they would be re-employed at day one with no pension entitlements, no benefits. they would start as new hires. They would lose all the things they had gained having worked in the terminal for 14 years.

Even upon getting the settlement, when it got busy and these 29 individuals should have been called back as the other 30 individuals were at three other companies where we had negotiated the same type of extension and recall rights, Saskatchewan Wheat Pool reduced its staff and asked people to move their vacations from the month of June to the month of August because that would mean they would have to call these individuals back for the month of June and they would retain their seniority rights.

They specifically went out of their way to ensure that they would not have to abide by the agreement that was arrived at at the negotiating table. I wrote a letter to the editor which clearly spells out the type of unfairness with which they treated those workers, specifically to unload them in order to start with new hires.

In the elevators it is dusty. There are always sweepers scheduled for work. During the month of June they scheduled no sweepers at the elevators. They worked as lean and mean as they could. We know through the grapevine that in May, just before the long weekend, when about 37 people were going on vacation, which would have required the 29 people who were terminated to be called back, the company conveniently reduced the operation by one shift so that no callbacks would take place. They were going to terminate those people no matter what we did at the bargaining table. These are not people with one or two years' seniority, these are people who had up to 14 years' seniority and had worked in the industry since 1977.

That is just part of the problem we are facing with the whole job security issue, which is where the negotiations were headed. It has been reiterated that because of the reality of a residual port we were dealing with reduced handling, technological change, and the threat of the movement of grain from north to south versus the traditional east to west movement.

We were out in a labour dispute by no fault of our own. We were forced out due to the company's actions; but now they are saying that we are the cause of our downfall. We are not. The effect is that we were out on strike. The cause is political, the cause is economic, and we cannot do anything about that.

We heard suggestions in a panel discussion in Winnipeg yesterday that we were to blame for the consideration to move grain north to south. I sit on the Senior Grain Transportation Committee. I sit on a number of senior bodies. I am in contact with senior officials and this is the kind of threat we face day in and day out. In fact when I went to my membership at the end of June this is exactly what I presented to them.

I have the documents here, but I do not intend to go over every document I have with me. I have about ten articles that suggest that there are going to be company mergers. I have articles that suggest they are looking for new capacity on the west coast. In the last week we saw a report from the GTA dealing with a $4 a tonne surcharge to build additional space on the west coast. All that would impact on job security in Thunder Bay.

Our whole focus of negotiation has been job security this time. The average grain handler in Thunder Bay works six months a year and earns under $20,000—and that is the average. There are about 300 who do not work enough weeks to qualify for unemployment insurance. I have been in that boat myself and it's a tough struggle. There is nowhere to go.

You have to understand the economy of Thunder Bay. They have just shut down a mill there. Everyone is reducing. There are two ways to find meaningful employment. You have to have a friend in some industry to whom you can go to get a job or you can work for a service industry, a burger chain. Those are basically the only employment opportunities there are in Thunder Bay at this time.

We have seen a number of mill closures. The shipyards are reducing their size and there is even a threatened closure there. There is nothing positive in the city of Thunder Bay right now as far as employment opportunities go. One is lucky to get a job even in the service industry.

The job security we were dealing with at the negotiating table was a four-step program. We did not want the companies to play games with the recall rights, as they did with the 29 workers. Our focus was on additional recall rights. We focused on that because, using myself as an example, I had already put 15 years into the business and had been working a declining amount for the last six years. I had stayed in the industry hoping that some time in the future, if enough people retired and through the attrition rate, I would perhaps gain an extra month, year by year, and some time in the future I would gain my full-time employment back.

● (1110)

That was the whole focus of it. I was only working six weeks, because I had already put fifteen years in and some time in the future, especially if we secured something in the pension area, I could go bak to working four months and six months and maybe back to a full time job in the next five years.

I want to keep my job at the terminals. I made a choice out of high school. If I lose that job or am terminated, I am left with nothing. If there is a busy season, at least I am still left with opportunity to get some work in. So we made a major focus and push to make sure that we wanted additional recall rights.

The second thing we wanted to do is look at adjustment programs. This is an interesting tale to tell, and, again, this involves the Lakehead Terminal Elevator Association. I have letters here from different requests that we have made of them. When we say we have lost 1,000 full-time jobs and 900 members, I would ask the companies of the Lakehead Terminal Elevator Association to state publicly what have they done for those people that have been terminated. What have they done with respect to adjustment programs and out-placement? What have they done for those workers? They have done nothing. They have not spent one cent.

Last year, due to the slow period, we had about 150 people on the chopping block again. There was a possibility that they would not be called back. Employment and immigration had tried to work with the LTA; they had sent them letters, and they declined any request to start working on an adjustment program. They came to the union. We committed funds and developed a three-phase program to look at the previous terminations. We got hold of those people, asked them what they had been doing and what skills they were lacking so maybe be could begin to deal with setting up the people that might be terminated and make some type of inventory of their skills so that, if they had to do a transition back into the workplace that they could do that. A high percentage of our workforce are people that have come from overseas and are working in this country.

So we presented that. We were going to go ahead with that proposal, but the government would not let us because the LTA would not participate. So I could not go ahead even though we wanted to go ahead ourselves. It was the companies and the government that stopped us from proceeding with that. However, if the companies had proceeded, we would have had adjustment programs. We asked them publicly at employees' meetings which the Saskatchewan Wheat Pool had this year, and they said that their responsibility was to the employees they still had and that they had no responsibility for the people that were leaving or that had left.

So, we put that on the bargaining table. We see that the government has increased the money for job-sharing programs almost tenfold. We can't even begin to look at those programs unless they are willing to cooperate. Up until this point in time, they have shown how willing they are to cooperate. They have declined every request, and they tell us to go our merry way. So we put that on the bargaining table as a major topic. That was part of the job security program.

Another part of the job security program, this being the most important part, is the pension issue. Have no doubt about it, and this should be stated clearly, the Thunder Bay grain handlers went on strike because they wanted to deal with the pension issue. The company said, "You will get nothing on pensions." Two weeks before we went out on strike, I talked to them almost on a daily basis. They didn't contact us. We contacted them. We contacted them and put a scenario together to bring the two consultants in because pensions is a very complex area. If there was to be meaningful discussion, we needed somebody with the expertise to discuss the issues.

We did the everything in our power to break the impasse. We suggested a way to bring them in. For example, we could do some fact finding, start getting the cost of the pension issue nailed down so we could break the impasse, because the clock was ticking on the report that Mr. Danis would be issuing.

They declined that offer. They said there would be nothing on pensions, no discussions on pensions.

When I was in Toronto, I contacted the individual to tell him that their position had not changed on pensions, and that we would not be getting together because it was counterproductive. I was in contact with a company representative from Toronto, and I told him that I would not be back in Thunder Bay until late Thursday night or Friday morning; so there should be a certain amount of protocol. What they did was put a press release out Thursday morning, skewing the truth of the matter. This was the kind of dirty pool being played all the way.

I didn't give up, though. The day before we went out on strike, we had an hour-long discussion, rehashing the whole issue of pensions. The day before, they were looking for some kind of prioritization. I broke it down into the nuts and bolts of the entire situation.

Pensions, for us, had basically two major focal points. One was the early retirement, in the job security sense, and early retirement with some type of coverage for the basic drug and dental needs, and the other focus was some type of income protection. I don't want that to be confused as some type of full indexation package. I want that to be just what it is, some type of income protection. We were willing to offer alternatives. We suggested that to them. There was conciliation on our part, but we could not even get it into the discussions.

The company representative that I talked to the day before the dispute said, "I understand where you are basically coming from, but I have been told to tell you—". They were not telling that to me directly. They were dancing all over the place. "Come back to the table and you can discuss whatever you want." I would ask them, "Are you going to discuss pensions? Are you going to have the expertise?" He danced around the issue for a two-week period.

Finally, on that date, I nailed him down. He told me that what they were told to tell us is that the union would get nothing on pensions. We explained the devastation. Anybody with half a mind can understand the devastation that the people and the grain handlers of Thunder Bay are facing. They simply took the position that they were not willing to even discuss the issue.

So, at that time, we met with our executive, and that is what the strike was about.

They were not willing to discuss the major issue, the focal point. The pension issue was not an issue by itself; however, it was the cornerstone of the job security agreement. We outlined that to them from day one, that it was the cornerstone of job security. They were confusing the two issues when they reported it in the press. The cornerstone of the job security argument, the four-step process we were using, was pensions. Job security was completely tied into that.

When you look into the whole pension issue, there was an early retirement program put into place last year by the Saskatchewan Wheat Pool to protect jobs. I wanted them to look at doing some type of early retirement package at that company. There were a number of elevator buyouts which left a person that had worked 40 years in the industry with only 20 years of service. One company would buy another company; that company would get bought out again in a consolidation drive in the early seventies, and a person that had worked 40 years at the terminals would only have 20 years of service with the Saskatchewan Wheat Pool.

So we wanted to do something for those employees. They would all have to stay to 65 if we didn't do something. The whole issue was that there was a gigantic surplus in the Saskatchewan Wheat Pool plant. Last year when that took place there was a $7 million surplus. The company finally, through our lobbying, put a package together; but they didn't come to us to deal with it, and after all, we put a dollar into the plan. But what has happened, especially to the Saskatchewan Wheat Pool plan? They have put nothing into it since 1988, but it is still a negotiated item. So we wanted to have a say in the makings of that package.

So, when they finally put the package together, they came to us and said, "Your people will have from November 1 to December 1 to take advantage of it. Here it is. They are going to get X amount, and this, this and this. You will have no coverage for benefits. They can buy into the drug plan. That's what we negotiated during the last contract. There is no income protection." I said to them, "There are some basic things lacking here." I said, "I am not going to sell the membership a bill of goods. They can make up their own minds, but," I said, "I don't think that the package includes some basics that have to be there to allow a person to live in dignity during his retirement." You are looking at people with 20 years' seniority; they are retiring on $500 a month. Probably the average pension was $700 for those individuals that had worked long term with the Saskatchewan Wheat Pool, and the drug coverage alone costs $81. So I asked them to have a say in that. They said, "Listen, you can get as mad as you want. This is the package that is there. You have no say in it. It doesn't matter if you are submitting money to the fund. We have set the parameters of the program. You will have no say in it." I said, "That is fine." What could I do?

We took it to the membership. The only people that retired were the people that had worked in industry a long time, and would have had to work until they were age 65. It was beneficial to them and beneficial to someone planning to retire in the next two years. However, they had basically lowered the age for a window period from 55 years and above. Nobody that wasn't in a position to have either worked in the industry for a long time and been involved in a buyout or was prepared to retire and was close to retirement age, within the last two years, took advantage of that program, because it lacked the basic fundamentals.

● (1120)

So here we are. We go to the table and we propose to the companies not six items, as they like to indicate to the press—and certainly the six items that we presented were all starting positions—but two major focal points. One was in the job security context regarding early retirement, basic medical

coverages and some form of income protection, which was included before 1984 until we got involved with negotiating the plans. They had all sorts of plans. There were six companies. It was a mish-mash. They used to make annual adjustments if the plants could bear it.

We went to the table in 1984 when we first met at our first pension committee meeting and we said, "Are we going to look at the annual adjustments?" They said, "That now becomes a negotiable item. We will no longer do that." In fact, they have not done that since 1983. We have been trying to deal with some type of adjustment to protect not only people at the terminals now but also people who have already retired, and who had that protection to begin with.

The way in which the pension system has developed at the elevators is that it is not something that was there for a long period of time. In 1981 there was a strike at the waterfront, a 17-day shut down. That was basically over the whole issue of getting the companies to negotiate the item of pensions at that time. What was resolved after that dispute was that the issue of pensions would go on the bargaining table for 1984. In 1984, right after we bargained for pensions, there was a three-year moratorium on that item. Actually, we have only had one chance to negotiate the pension item. Because of the downturn and no grain going through the port, we have been unable to take any alternative action to force any improvements in the pension plan. The first time that we hve ever been in a position to tell the companies, "Look, you will have to consider this matter seriously," is at this present time, and they slammed the door in our face.

I will go over the reasons why I think the companies took the position that they did at the bargaining table later. It has a lot to do with the position that the Ministry of Labour has been taking with regard to the whole collective bargaining situation that we see in Canada, and especially our Vancouver situation.

Recently, you probably read in the press about an industrial inquiry into the situation, namely, into the whole focus of what is happening in Thunder Bay and on the west coast. I am more concerned with the Thunder Bay situation, but the west coast situation certainly does have an impact on us.

This was not the first request for an industrial inquiry that I presented to the government on Tuesday. We asked for two others: one during the last set of collective bargaining and one that I personally requested of the minister—not in my official capacity, but as an executive of our lodge and as a union member. We had trouble with the companies. We had a clause in our agreement that allowed for a supplementary unemployment insurance payment that would take place after six months. Guess what happened? There was a shutdown at the terminals. There were about 400 workers who were basically two weeks away from qualification for the six-month period to receive this lump-sum, supplementary unemployment insurance payout. The companies called back each and every one of us. Basically, we worked for two weeks and then they laid off the whole lot of us.

That two-week period is the only work that I got in an eight-month period. Again, later in the year I was coming up to my six-month benchmark and again they called us back. There were 30 of us from the Saskatchewan Wheat Pool. They called us back for one week. There was no work; there was no increase in grain cars; there were no vacations. They called us back for a week to disentitle us. It meant that we would have to wait for another six months.

On the first occasion, it happened in the spring of the year. I sent the minister a letter wherein I expressed these concerns. I thought that we should have an industrial inquiry, and I requested it under Part 7 of the Canada Labour Code. The minister sent me a letter in reply. It was not Mr. Danis at that time; I think it was Mr. Corbeil. The minister thought that this was a matter that could be dealt with in the collective bargaining process. However, he had missed the whole point. Did he not see the problem? Did he not see that there was a problem in the way the companies were treating the workers in Thunder Bay? It was not that I was trying to get my supplementary unemployment insurance, but it concerned the unfairness with which they were treating their employees. That has been going on for some time now in the port.

This led me to my recent request for an industrial inquiry. I did so because, first of all, I wanted the government to look at the dispute. The companies were playing grain handlers against farmers. I wanted someone to come and look at the dispute. Once it became public and they saw the stand that the companies were taking, they could see that all six companies were not making their full contribution to the plans. The companies will argue to the press that they have this liability and that liability, but it is quite simple: We continue to put one dollar into the plan; in some cases the companies put nothing into the plan. For example, the Saskatchewan Wheat Pool has put nothing into the plan since 1988. Cargill Limited has not made a contribution since 1988. Manitoba Pool elevators also came into the plan. They used to have a money purchase plan. They are not making a full payment into it but they are benefitting from it. Richardson Terminals Limited has taken a contribution into the plan for a number of years. United Grain Growers Limited, through incompetence, underfunded their program. They are in a deficit position because they gambled. That is a story that will not be told here but is one that needs to be examined. If they had been making their full contributions there would have been plenty of room in those plans to carry out some of the improvements and thus treat the union members in a more humane manner.

It is more humane, in our minds, to have people retire early and supply work for the younger workers—and I do not mean people with one or two years seniority; I mean people with 15 to 20 years seniority. In other words, give them a few months' work per year, maybe enough to earn some unemployment insurance. That is what we are looking for, namely, a more humane way of operating. If we can do it through attrition versus termination we can perhaps lessen the blow to people who made the decision to go into the grain industry, as I did in 1975. I had the rug pulled out from under me. There is

nowhere else to go. My parents live in town; my wife has a job in town and her parents live in town. A move would uproot my whole way of life. I like Thunder Bay. I have lived there all my life. I want to stay in Thunder Bay. I do not want to leave, but in some cases some people are forced to leave.

Someone mentioned job security. You have no idea what it is like to go to work every day and he called back for a week and yet not know if you will be laid off the next week, or if you will get one month's work or two months' work. You do not know what will happen in the industry. You may expect a fall or a spring call back, and it never comes. People have to live with that fear.

One of the members here mentioned something about the suicide rate. It is a sad tale to tell, but I have also been involved in some of those kinds of things. In fact, I have personally been involved in probably preventing people actually taking their lives on two occasions through discussions and getting them to talk to the right people. Unfortunately, on one occasion I was not successful and the individual did what he thought he had to do.

These things tie into the overall social problem. We see marriage breakups, and so on. It is a social disaster out there. People are not able to earn a living. There is nowhere else to go in Thunder Bay, but even if you apply for a job—and this has happened to me; I have applied for many jobs in Thunder Bay—you go to your interview and state that you have been an elevator worker with 12 or 15 years' seniority. You are often told, "I cannot take a chance. If I hire you and the elevators start up again, you might leave." Even if I tell them that I am looking for a career change or a new position, in most cases they will not gamble on grain handlers because they have seen thousands of them.

There ahave been a thousand full-time job losses and yet another 900 jobs that have been terminated off the list. There are another 500 grain handlers around town right now who have to make a decision as to whether or not they will return to the elevators every time this type of incident occurs. Then they have to make a judgment call. I get literally hundreds of calls in a year, people asking what they should do. I say that I cannot make the decision for them. I tell them that if they have an opportunity of stable employment where they can get peace of mind, take it. I put them in my shoes and tell them what I would do, but it has to be their decision. It is a real horror story.

● (1130)

I want to get into the events of the last 72 hours. We have been used as a pawn in a political game. First, the events that unfolded last Tuesday. We talked to the minister's office on a continual basis. We were in contact with the companies almost on a daily basis trying to break the impasse. The government was telling us there would be no back-to-work legislation. We were telling them that they were correct, that it was too early, that the companies have taken a position, that anything that has happened in this dispute is their fault, that we are out because they are not willing to bargin a fair collective agreement. For all intents and purposes they were bargining in bad faith.

Suddenly the minister gets hold of me and says that there was a major breakthrough in the morning of Tuesday. He said that there had been a major breakthrough, that there would be some meaningful discussions. At 4 o'clock the Lakehead Terminals Association put out a press release and said they were willing to come to the table and discuss all the issues. They did not say anything new to us. I asked through the press, "Are they willing to discuss the pension issue?" That is exactly what we asked them to do. In fact by 8 o'clock that night they had put out a press release that said they were willing to discuss the pension issue.

Let me talk about the mediator or, as he was described to us, the fact finder, and that term comes from the minister's office. I got word at 6 o'clock that he was supposed to be flying to Thunder Bay. At 11 o'clock he contacted me and said that he wanted to meet with me in the morning. I met with him at 7 o'clock in the morning. The discussion that took place was that he had to have an answer back to the minister by 6 o'clock that night; not that we were going to start bargining, not that the impasse was broken, but that we would have a collective agreement and basically go back to work on Friday.

It was impossible. The critical issue of pensions could never be discussed in such a short period. It would require days of negotiations. Our pension consultant does not even live in Thunder Bay. I had reached him on the phone and he was on his way up. He was not due until 4 o'clock in the afternoon. Mr. Edmundson proceeded to meet with the companies during the day. We had some strategy sessions to find out what the game plan would be. At approximately 3 o'clock in the afternoon I had basically just got to the hotel where we were meeting, down at the Labour Centre where our offices are, to hold the first face-to-face meeting with the companies ,and a colleague on the negotiating committee brought me a fax copied off the news wires. In fact, Mr. Mayer had announced to 10,000 farmers at the legislature that we were being ordered back to work. At that point in time the discussions were basically derailed. It was all for nought.

That changed the whole equation at the bargaining table. That fax that we received destroyed any chance of reaching a collective agreement with the companies. Everybody suddenly had to worry that if we put something on the table it would be presented either through mediation, if we could not settle, or it would end up in arbitration. Suddenly everyone pulled in their horns and shut themselves in their rooms. That was the end of discussions. We analyzed our positions. We had some discussions with the mediator and held exploratory talks. We felt that the companies had us over a barrel.

They were putting the squeeze on us. You can imagine what kind of exploratory talks we were having. If they were not willing to discuss the pension issue you can imagine what kind of talks we had in trying to address our concerns. We both said in fact that that would be confidential. We were over a barrel, the companies were not. The companies won to the extent that they got what they wanted, and that is what I have been saying

since June. The companies are not willing to bargin on the tough issues because of what happened in the Vancouver situation. After seven days there they were ordered back to work.

We wanted our fair share of the money in the pensions, we wanted our fair share for the workers to make sure that they got treated justly. The companies did not want to see that happen. They were not willing to negotiate. They took the hard line on pensions. They forced our hand. We end up looking like the bad guys. We are out on strike because they will not even discuss the pension issue. Lo and behold, you hear the minister's office saying that this dispute is not anything like the the Vancouver dispute. They did not think they could reach an impasse. He thought there would be a settlement here. He said that day in and day out through the entire length of the dispute. We were in contact with the mediation office daily.

Suddenly, out of the blue, they get hold of us and say it looks like there will be back-to-work legislation. He did not really set a date. The companies were willing to come to the table to bargin the pension issue. Great. Then he drops the line on us: "You have to have a decision made by 6 o'clock or the legislation may be forthcoming." We had to give the minister a decision. At 3 o'clock, before we get an opportunity to even meet with the companies for the first time in eight months of negotiations, the first time a major breakthrough happens and the impasse is broken, somebody in the government, for political purposes, in front of 10,000 farmers at the legislature, says that we are getting ordered back to work. He destroyed the whole process.

They knew it would happen. We were being used as pawns in the game. Mr. Danis had to make it appear in the eyes of the public that he had made an honest attempt to settle the dispute. He did nothing. He knew he had to bring us together. He probably got hold of the companies. I assume that he got them to come to the table to do a number on us. They wanted us to accept a bill of goods and put all kinds of pressure on us. None of the exploratory discussions met the parameters that we required for settlement. Next thing you know, the back-to-work legislation is here. This was what it was all about. It was a scam and a sham. He has abused the whole system and destroyed the whole collective bargaining process. We have been pawns in the game.

If in fact Mr. Mayer had not put out his comments to the farmers—I believe the companies were also under some pressure—we do not know what would have happened. There might have been a chance for discussions, because both parties were, so to speak, under the gun, unless the companies were in cahoots with the labour department. You present "what if" scenarios in exploratory discussions. Basically there was one "what if", an ultimatum and that is what we saw. That is why we told the minister at about 2:30 in the morning that we felt that this was ill-timed, that they were not going to hoodwink us by putting this type of pressure on us to get a collective agreement. We felt that a number of minor issues were left off the table. We wanted them dealt with.

We were hoping that the legislation would have a mediation process. We thought that we could clean the slate somewhat and bring the critical issues to an arbitrator if we could not reach an agreement.

We also said we did not want just a single arbitrator, because it becomes critical. In fact, we wanted a union nominee and a company nominee with a Thunder Bay perspective, not just a union perspective but someone who is there and can see what is happening in Thunder Bay—the job losses and no opportunity for employment; someone who is familiar with what we face—the residual port, the layoffs, the terminations, the moving from full-time workers to part-time workers. We thought it was critical that it be a three-person panel. Unfortunately that did not happen yesterday. There was some discussion about who would be picked as this mediator-arbitrator. In fact, the mediation stage was not successful.

There has been a mix of words, expertise and knowledge. I think there is a difference between the two. I have knowledge about pensions. I rely on a pension consultant. We have people on the negotiating committee who have been on pension committees for 10 years. We still rely on the expertise of a consultant.

We are pleading. If we cannot change and get the panel, which is really the first and foremost focus, in order to have any semblance of a fair system and somebody who understands the pension issue to give the union a fair opportunity to get a fair collective agreement that deals with the job security issue on the waterfront in Thunder Bay, we do not need someone who has knowledge of pensions who can rely on some sort of expertise on the side. We want the person appointed to have expertise in pensions, because that is what we feel will ultimately be placed before him. It is a very difficult subject to understand and we are hoping and pleading with the minister that he will give all parties, the companies and the union, a fair shake and appoint someone who has expertise in pensions. That is very critical.

• (1140)

As far as the legislation is concerned, we are not happy with it. We think that it has done irreparable harm to the collective bargaining situation. Again I refer to the Vancouver situation. We feel that the companies relied on the Minister of Labour's decision in Vancouver and that was attributable to the strike we had in Thunder Bay.

I would ask senators to keep in mind that the average work year for grain handlers in Thunder Bay is six months with an average wage of less than $20,000. In Vancouver a grain handler will work twelve months and earn an average of $50,000. You cannot compare apples and oranges. Thunder Bay and Vancouver are two different sites.

The last thing I would mention is the size of the fines in the legislation. Some of our people are on vacation, some of our people have left the country, some of our people have had to find other employment because they did not know how long the dispute was going to last. Some even have to keep two jobs going because of the type of industry we are involved in.

The way I understand the legislation, it states that we have to return to work within 12 hours. I will not have the opportunity to have a membership meeting 12 hours from now. I probably will not even be home 12 hours from when the bill receives Royal Assent to have a discussion with my membership about what has happened in the last three days and tell them what action is going to have to be taken upon the passing of this bill. I think it is totally unfair to put a 12 hour time limit on returning to work. It will cause all manner of headaches. There will be some people we will not be able to contact. If they do not show up to work, will they or the union be subject to fines such as a fine of $100,000? More thought should have been put into that part of the legislation. It will cause us severe logistical problems in trying to get the word out to our membership.

In the last 20 years or more we have never been legislated back to work. Even when we had a five-week strike in 1986, or the 17-day strike to get pensions on the bargaining table in 1981, we sat down with the companies and hammered out a collective agreement. I am positive we could also have done that this time. Unfortunately, the powers that be would not let the process work and that is why I sit before you today.

That concludes my remarks, except that I would add that we heard some comments regarding funding for the farmers. We support funding for farmers. We believe that the European community and the United States have skewed the market. They are trying to put our farmers out of business so they can gain the market share. With the money that will be provided there was talk about tax increases. I would plead with the government to take a little bit of that tax money that will be raised here and look at the possibility of doing an industrial inquiry to look at the four focal points that I mentioned to the minister on Tuesday.

One was to look at this dispute and, once this dispute was resolved, to look at the consolidation of elevator companies on the waterfront, which is a strong possibility. We dealt with that during the last round of bargaining. We would also like to deal with the declining throughput of grain at the Port of Thunder Bay and the fact that we are a residual port, with the impact of farm prices and commodity prices faced by the farmers and the effect that has on Thunder Bay.

The farmers are facing 1961 grain prices. The terminal elevators are dealing with 1990 tariff rates. I have information in my briefcase that those tariff rates have been raised again this year. They are fatcats sitting up there; they are management people. I sit at the table negotiating with people who earn $80,000 to $100,000. Foremen at the terminals are paid between $50,000 and $65,000. There are bonus provisions included in that. They are a bunch of fatcats. Our dealings here are with the establishment, not the farmers. Hopefully, the necessary funding will be provided so that I will not have to sit here in two or three year's time to deal with a similar dispute in Thunder Bay. We have to look at the overall perspective and give this country peace of mind.

Senator Olson: Mr. Daniher, you have given us a great deal of detail about the problems that you experience in attempting to negotiate with the companies. If I understood you correctly, what triggered the strike action was when the companies refused even to discuss with you or with your union the pension issue. It is not clear to me from your explanation what the pension issue is. I understand you want some improvements, but are there excess funds in the pension funds that you want allocated to the membership, or is there something else in adjusting the pension issue so that you think it would be fair for your membership?

Mr. Daniher: You are correct in stating that the whole strike was because the company took the position that it would give the union nothing on pensions. Perhaps I could use the example of the Saskatchewan Wheat Pool. It has $7 million surplus in its fund and it has not put a dime into that fund since 1988 which saves contributions of $1 million a year. If that money had to be put into the pension fund there would be a $10 million surplus. Surely that company has the ability to fund the enhancements. It means keeping a younger workforce and allowing the older workers to retire with dignity. We are asking for a lowering of the age of retirement within the provisions of the agreement. We are also asking for medical coverage for those individuals and that the companies provide what they used to provide before 1984, some kind of income protection.

The last portion of the pension issue deals with younger people such as myself, and it pertains to credited service, an issue I did not elaborate on in my earlier remarks. I have 15 years' seniority at the terminals. I have nine years of credited service. If I were not working in my present capacity, I would be relegated to working for six months or less, even in this busy period with higher throughputs of grain. If I were to retire at age 55, if that was the retirement age, then I would have 36 years of seniority but approximately 25 years of credited service so it would be like I only worked for the pool for 25 years. If I made full contributions from now to the time I retired, I would receive 41 per cent of the base rate salary, approximately $12,000 a year. In fact, if I carry on in the same magnitude that I have been working, that would bring it down to 24 per cent a year. So we suggested to the companies in discussion that we were looking to do something about the credited service. We asked them if the employees could make a contribution for the months in which they are laid off. The companies were not even willing to consider the issue. They said it was illegal. They said a number of things.

• (1150)

There are a number of different ways to deal with this whole question. There are schedules in the agreement with regard to hours. It does not necessarily have to be dealt with directly on a contribution basis.

The fact of the matter is that, because we thought we would remain with the pools, hopefully until retirement, we wanted to do something about the retirement situation. It is a double-whammy type of situation. We are being affected now and we will be affected when it comes time to retire. We will not be able to retire because we will not have enough credited service. We would not have a half-decent pension to retire on.

Senator Olson: You have raised some fairly complex and detailed matters which I hope the mediator-arbitrator who will be appointed under this legislation will look into. I am sure that he will. You do not seem to be confident that he will, unless there is a three-person mediator-arbitrator team as opposed to just one person. However, we will have to wait and see with respect to that.

The other problem that you seem to have is also related to pension rights. It deals with these recall rights and the loss of seniority because of the way the companies and, in particular, the Saskatchewan Wheat Pool, are treating their present employees. Do you believe that this is just a means by which they can keep employees out and off their regular status in terms of their seniority? The issue, of course, would eventually include some pension rights. Do they have a right to do this under the collective agreement you already have?

Mr. Daniher: Morally, the question is do they have a right to do it. These are long-term employees who have toiled for the companies for a number of years. The whole moral question is what to do with a person who has been in the industry 15 years. Do you put him out to pasture, so to speak?

I already described an incident at the Saskatchewan Wheat Pool. They will say, "Oh no, the cars dropped off." Or they will say, "Oh no, we were not asking those people to move their vacations during a period in which they would have had to recall those who would be terminated." These are long-term employees who would have been vested in the pension plans in a short period for the credits of service before 1986.

Some of the other issues are that this was an older workforce. In fact, it will be a liability to them versus, perhaps, a long-term disability. The first person to be called back out of that group of 29 was a person who had had a heart attack. I think he is 53 years of age. I do not know if he would even be able to return. Yet, he was the first person on the list. He would become a liability to the company almost immediately if he were to return to work for any active period.

What has happened with his case is that due to the lay-offs, and in spite of the fact that we negotiate long- and short-term disabilities, as well as other types of benefits, because he was not at work when he had his heart attack he has nothing. He is on welfare right now. His having to be able to return to work for a day is not even in question now, in fact, because the company terminated him. It is interesting to note that this individual, who was an older worker with a health problem, was the first one on the list.

The discussions I have had with the company in this regard could be called accusations, or perhaps even sensationalistic. There were certain people out of that group of 29 whom the companies did not want back, and come hell or high water they were not going to bring them back. If that person was at the top of the list, we could forget about the 28 people behind him. Company officials have publicly stated that to me in discussions that we have had. There have been discussions with other employees. People would say, "I guess you are going to have to recall somebody out of those 29". It became quite an issue on the waterfront. One of these people had set up an information picket. Certain foremen would let out comments like, "You'll never see him come back here. He's the last guy we would ever bring back here."

It became more political and more of a cost factor. What we had to deal with at the table this time was the issue of temporary workers. The company wants to have a temporary workforce whereby if they have work for two months they want to bring in somebody who is a temporary employee. That will happen, naturally. If a summer student or some one wants a job for a couple of months he will come and work for a couple of months and then go his merry way back to school or wherever. I mean to say that they should not terminate the people who used to have full-time jobs with the companies. They should not terminate people who made a career choice, such as myself, some 15 years ago. What are those people who are in that group to do? Once they are out the door, they are without long-term disability, vacation and everything else.

The biggest concern on the waterfront is due to the fact that, because it is a residual port, we have lost a way of life. It is a sad state of affairs at the port.

Senator Olson: Finally, Mr. Chairman, it seems to me that we need some kind of industrial inquiry here to deal with some of what I think the witness is saying. The companies are treating some of their employees who have, for example, 15 years of service, rather unfairly, according to the normal or appropriate way they should be treated.

That also raises the other question, which is that you have lost about 1,000 jobs. I am not sure that you gave us an indication as to whether those were permanent, more or less full-time jobs, at least full-time to the extent of about six months, which is what I think you said a full-time worker works in Thunder Bay. If that number has decreased by 1,000, then that means more than 50 per cent of the number of positions that were there in 1984 have been eliminated. I expect there has to be some rationalization of what will be an ongoing employee when, through modernization, technology, or whatever, something less than 50 per cent of the positions that were required from 1984 and before is now required. Is the union willing to accept as a fact that it is pretty hard to have job security for jobs that are no longer required?

Mr. Daniher: That is basically the focus that we have taken. Technological change is the fourth point of the industrial inquiry. We want it investigated, and I will elaborate a little on that subject.

In our job security package there was no feather-bedding. It was not to create a job where there was no job. It was to take the ability of the companies to pay to the pension plans and, in fact, reduce the numbers up top where we have the older workers. The proposal was to let them retire with perhaps a little bit more. It might be an incentive to get them to go a bit earlier. It was suggested also that the age should be lowered. In fact, what this would do would be to create work at the bottom. The only thing we tried to do was to create employment.

As far as technological change being a fact of life, it is a fact of life at the terminals. It affects us almost as much as the residual impact of the grain through the port affects us, and doubly so when there is not much volume going through the ports. But that leaves us with the adjustment program problem. As the equipment in the terminals becomes more and more complicated, it ends up that job ghettos are created. There are a number of senior workers who did not have the opportunity to gain the knowledge and skills which come with having a secondary education. Those people will never have the opportunity even to post for these higher paying jobs because they do not have the skills at this point in time.

We have looked at programs which deal with illiteracy in the workplace, as well as having people upgrade their skills, since we know that technological change will continue. These people who would benefit from such upgrading will be relegated to being sweepers at the terminals.

We have put forward proposals to the companies to deal with workplace illiteracy on about five different occasions. There is a program offered through the Ontario Federation of Labour. There has been lobbying to get this program instituted in the grain elevators. It has been declined and the companies have snubbed those putting it forward on every occasion. They will meet with them, but then they say, "Thanks, but no thanks".

● (1200)

Just to build on that, one of the companies at the waterfront held a needs analysis. This is how much United Grain Growers thinks of the union: They told their employees that they had spoken with the union, that they had held a meeting with the union president, and that the president okayed proceeding with the needs analysis. Not only did they say they had discussed this with the union, but they also formed a committee using all union members so they could sell their bill of goods to the employees.

The union members got hold of me. Upon my contacting the company and asking for information, they answered, "Well, do whatever you want. If you do not want to do the analysis, just cancel it then and we will not do it." I told them I just wanted to know what was happening there. They said, "It is a needs assessment for training that the company was thinking about doing." When I said, "Great, let's look into it," my contact was totally surprised. He would not even come and communicate with us about it. Yet they tried to go in through the back door. They had told the workers there, as well as the person from the college, from Skills & Development who had been hired to do the survey, that they had discussed it with the union. When I went down and talked to the individual concerned, she cancelled the program temporarily until she could clarify that this would indeed be some type of a joint venture. We were able to review it. Unfortunately, they completed the needs assessment portion and that is as far as it has gone.

As far as job security goes, we also had skills training and trades training as an issue at the bargaining table. This same company that is doing a needs assessment, saying they may allow people to take some courses in computers or in workplace literacy, is the same company that says the apprenticeship program in the collective agreement will no longer be adhered to. The program will no longer be hiring people from within, will no longer post positions for people who have been in the industry for anywhere from 10 to 20 years; instead, it will hire qualified people off the street. The company is just forgetting about the apprenticeship program, ignoring the fact that it is in the collective agreement. So now there are grievances pending.

We tried to clear up these issues at the bargaining table. We could not do so because the companies would not even commit to using the apprenticeship program. Therefore, in this industrial inquiry I could go on for days with horror stories of events that are happening on the waterfront. Someone needs to intervene, or three years from now, I will more than likely end up back here doing exactly what I am doing today.

The Hon. the Acting Speaker: Senator Barootes?

Hon. Efstathios William Barootes: Thank you, Mr. Chairman. Mr. Daniher, I think I have a partial answer to the question I am going to ask. You have alluded to the fact that technological advances, improvements in grain cars and the way they are handled, and the shift of markets to the west coast has caused your union membership to drop from about 1,800 to 900. You said that is a loss of about 1,000; I think it is 900.

Anyway, if that it is true, there must be quite a few people, as you have pointed out, who are without jobs. You had an excellent plan for retraining, out-placement, and other benefits of that nature which are quite common now in lay-offs. But you made this statement, and I have your exact words, that "The government stopped us from proceeding."

Would you please tell me concisely which government you mean, and how that government stopped you from proceeding with this retraining, out-placement, and help to upgrade the skills of your people?

Mr. Daniher: Canada Employment and Immigration had been lobbying the Lakehead Terminal Elevators Association to consider getting some type of a program started. They could see that there were hundreds of jobs being lost. Basically they had approached the companies on a number of occasions and had brought it to the Winnipeg—

Senator Barootes: So it is the federal government that you are talking about and not the provincial government?

Mr. Daniher: That is correct.

Senator Barootes: But tell me how they were holding you back.

Mr. Daniher: So we, the union, sat down but the companies refused to participate. They had been lobbying for approximately a two-year period. We could see a need. We thought that 160 people might be terminated. We set up a program and worked with an individual from the department. We committed funding to it. The worker took that to his superiors, but they said it could not proceed unless the Lakehead Terminal Elevator Association agreed to participate.

Senator Barootes: The company refused it, then.

Mr. Daniher: Correct.

Senator Barootes: Not the government.

Mr. Daniher: In my understanding of the situation, and of course I got it secondhand from the individual, we were willing to go ahead without the companies but the government said we could not proceed unless the companies participated.

Senator Barootes: That sounds extremely strange to me because all sorts of money has been made available for retraining of workers who do not have advanced skills. I wish you could document that situation, because it is a terrible accusation to make in view of the $800 million that has been made available for retraining of workers with obsolescent skills. I hope that you can provide documenation when you make such a statement.

Mr. Daniher: No, I don't have the written document. I have at least one letter that was written to the Lakehead Terminal Elevator Association when they declined. I am not sure that I want to provide that. I may be jeopardizing the person's employment by raising that concern. But if you give me your name and address, I can supply you with the documentation on exactly what happened in that situation, and that will probably clarify the issue.

It is not that there was no funding available; it was a matter of the union wanting to proceed on its own because the companies would not participate. We presented a proposal to the individual from the department. It was a three-phase process. We wanted to look at the people whose employment had already been terminated, those whose employment was about to be terminated, and also at some type of program to deal with the job-skill levels of the people remaining. For some reason, the government worker did not get the okay for this process from his superiors.

Senator Barootes: I take it from what you have said, again, that it is not the government that was reluctant. You said they had the funds available and there are programs available, but that someone failed to jump in. Apparently your union was willing, but someone else did not come in. Was it a tripartite program where government, employer and union have to work together?

Mr. Daniher: I believe it was set up that way, yes.

The Chairman: Senator Molgat?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Thank you, Mr. Chairman. Thank you, Mr. Daniher, for coming to tell us about your problems. The issue at the moment, then, is not pay. The issues are pension, job security and retraining.

Mr. Daniher: That is correct.

Senator Molgat: Those are not new issues, I gather, for your group? They have been outstanding issues for quite some time with the employer?

Mr. Daniher: Of course, the pension issue has been outstanding. We had to strike to get the right just to negotiate it. Really, since '84, our numbers have been declining, but there were some slight improvements made to the pension area during the last round of bargaining. We had the same type of proposals on the table in the last round of bargaining sessions, but we had no weight because there was no grain volume to use to push the issue.

I think what has happened here is that there has been a change in leadership, there has been a change in focus, and the impact of what is happening to this union has been so dramatic that we focused on more of a business approach. Where will we be in the year 2000? Look at what is happening to us. There are people with 14 years' experience losing their jobs. We have also dealt with areas such as contracting out in the past. It has been an ongoing battle. But we have been forced to change our whole focus, our whole outlook, to concentrate on job security issues.

Senator Molgat: It is as a result of this, I gather, that you asked for an independent industrial inquiry. Tell me, when did you start asking for that inquiry, and to whom did you make the specific request?

• (1210)

Mr. Daniher: I do not have the exact documents with me, but the first time was during the last round of bargaining; so it would be sometime in 1988. Our bargaining took 18 months at that time. The first request was made either in late 1988 or early 1989 and I believe that Mr. Corbeil was the Minister of Labour at that time, but I would have to check that.

The second request was made by myself on behalf of a number of people from the lodge who were struck with this supplementary unemployment insurance nonpayment. We sent that in in the early summer of 1989. We have been lobbying and talking to people from the minister's office on an ongoing basis regarding the whole situation. Of course those would not be considered official requests, but we have been discussing that issue. The last formal request was made last Tuesday.

Senator Molgat: That last formal request was in writing, I take it, to the minister.

Mr. Daniher: That is correct.

Senator Molgat: Why would the government not accede to your request and proceed to do that? Did they give you a reason?

Mr. Daniher: The reason given on the first request was that we were in the bargaining process. The negotiations were still ongoing so they thought the timing of it was not right. On the second request I made he thought the issue we had brought up was a contractual issue which could have been dealt with through the grievance arbitration procedure. I think they missed the point of both those. And this third request is really a dual request, first, to look at the issues we face now specific to the bargaining and, second, to look at the issues that we are going to continue to face on an ongoing basis at the port. I am hoping I get a positive response to that.

Senator Molgat: I gather then that the government was well aware of the problem. It had been told on a number of occasions what the problems were but it did not proceed to act.

I want to come to your statements regarding the 72 hours. If I understood you correctly, you said that on Tuesday morning the minister called you. Was that Mr. Danis?

Mr. Daniher: That was not Mr. Danis, it was another senior person of that department.

Senator Molgat: From the department?

Mr. Daniher: From the labour department.

Senator Molgat: Not the minister himself but he was speaking for the minister?

Mr. Daniher: That is correct. I believe it was a deputy minister.

Senator Molgat: And he said there had been a major breakthrough. Later that day then the companies said that they were prepared to discuss all issues. Is that correct?

Mr. Daniher: First they said they were willing to go to the table and discuss all issues; then we questioned whether it was the pension issue, because we had kept saying we would return if they were willing to have meaningful discussion with the experts there to discuss the issue. They issued a second press release later in the day that spelled out that they were willing to discuss the outstanding issue of pension specifically.

Senator Molgat: I presume that is what the deputy minister meant. He had been speaking to the companies, I take it, and knew that they were going to make that statement?

Mr. Daniher: I cannot speak for the deputy minister, but that is the message I took from the conversation we had.

Senator Molgat: Was there anything said to you at that time about the possibility of back-to-work legislation?

Mr. Daniher: No, there was nothing said at that time.

Senator Molgat: Now the next day the individual who was named—as what, a fact finder, Mr. Edmundson?

Mr. Daniher: That is correct.

Senator Molgat: He was in touch with you. We are now talking about Tuesday, when the deputy minister called. On Wednesday Mr. Edmundson was in touch with you.

Mr. Daniher: He flew into Thunder Bay late Wednesday night and in fact contacted me late in the evening.

Senator Molgat: Late Tuesday night?

Mr. Daniher: Late Tuesday night, and he suggested that we meet early in the morning. We met for coffee and a discussion at 7 a.m.

Senator Molgat: Did he say anything about back-to-work legislation?

Mr. Daniher: Not specifically. We had been hearing rumblings. I probably posed a question to him about the back-to-work legislation, because we had been talking to different people from our ridings and there were a lot of rumours floating around. So basically I posed a question to him about where we sat with this back-to-work legislation. At that time he indicated that we had a very short time period to pull this all together due to the fact that if we did not—he did not specifically say this but I inferred from our discussions that if we did not have an agreement by a certain period, or a strong indication that we were going to get one, something else was going to happen. He did not specifically say back to work, but you would have to infer that that would be the next step in the process.

Senator Molgat: That day, the Wednesday, you were then proceeding to go back and discuss with the companies?

Mr. Daniher: That is correct. We had to pull our people together. Our president was out of town. We had to contact him. We had to bring the rest of the negotiating committee together. We had to get hold of our labour consultant and our pension consultant, who had to fly in from Toronto, and then we had to have a strategy session. We wanted to review where we had broken off in August and get our heads together on a strategy session that morning. And I guess the fact finder had been meeting with the company during the day. We arrived to sit down with the companies at approximately three o'clock and that is when we got the facts.

Senator Molgat: So the process was moving along then. You did not delay it at all; you proceeded immediately that day to see what you could do with the companies?

Mr. Daniher: That is correct.

Senator Molgat: All right. And then of course there was the announcement by Mr. Mayer which ended everything. I would like to go to the bill itself and the question of the mediator-arbitrator. Do I understand correctly that you would prefer this be a three-person body?

Mr. Daniher: That is correct. We suggested that the mediation process could still be a single body. If the mediation process failed, then in fact it would go to the three-party panel. There are two ways to do that. One would be that the union nominee and the company nominee would try to select a third party, and the second way would be that the government could just appoint a neutral party. In fact we would have a union nominee and the company would have a company nominee. I call it more of a Thunder Bay nominee. We want people there to be well aware of the situation that we are facing, and someone who has some knowledge of pensions, of course.

Senator Molgat: Have you made the proposal directly to the government that you be involved in the process?

Mr. Daniher: We did it through opposition politicians more than with a direct request.

Senator Molgat: The bill does not provide for a three-member group, at least as I read it. It says "appoint a mediator" and then refers to "the mediator-arbitrator" so I assume it is a one-person body.

Mr. Daniher: It is in the singular form and it is that exactly, a one-person body.

Senator Molgat: But would you still prefer that it be a three-person?

Mr. Daniher: We would still prefer that just to ensure that things are done—I would not want to say in a fair manner, but just so that all the facts are thoroughly represented and both parties get a chance, especially when a complicated issue like pensions comes up, to present their case and do whatever is necessary to elaborate on issues that specifically affect the people who live in the Thunder Bay area.

Senator Molgat: Thank you, Mr. Chairman.

Senator Kinsella: Thank you, Mr. Chairman, honourable senators. Mr. Daniher, just a quick particular point. In the collective agreement that has expired is there a pensions provision? Is there a clause on pensions?

Mr. Daniher: Yes there is.

Senator Kinsella: Does it provide for a money purchase plan or a defined benefits plan?

Mr. Daniher: It applies to a defined benefits plan.

Senator Kinsella: In the negotiation rounds was there any desire to change from one type of plan to another type of plan?

Mr. Daniher: Yes there was.

Senator Kinsella: To go to defined benefit from money purchase?

Mr. Daniher: No. Before the plans were all standardized in 1984 one of the companies had a money purchase plan and we moved everyone into a defined benefit plan. The employees that work for that company got a 2.8 per cent return on their money last year in total. So, in fact, the question they raised was whether it would be beneficial if they could use the money out of the money purchase plan and buy credited service in the defined benefit plan. It was something that would have to be investigated. Again, it was a complicated issue. Would it be beneficial or wouldn't it? We felt it would be beneficial to both the union and the company to have everything standardized and take away the risk that they felt this time. The people in the money purchase plan are getting ready to retire. They got 2.8 percent on their money this year, and that will reduce their retirement income somewhat.

• (1220)

Senator Kinsella: On a more general topic, Mr. Daniher, when the state intervenes like this in the collective bargaining process—I know honourable senators reflected on this earlier in the day—it is a serious matter. This type kind of legislation comes to legislative bodies quite rarely, whether federally or provincially. However, historically, it does from time to time arrive here.

Do you accept the idea or the principle that, in Canadian society, where the public interest is affected or there is a public interest aspect to the labour relations between two parties, the employees and the employers, it requires the intervention of the state, such as we are dealing with today?

Mr. Daniher: I think you have to weigh two things. One is that you would not want to let this thing go on forever; but you also have to weigh the impact of it. There is a collective bargaining process that you would go through, and as long as you go through that process that is one thing—and in our case, we didn't get a chance to go through it—and there is an impact on the public, I think no one could sit here and deny that on certain occasions, depending on the circumstances, you might have to consider that it is in the public's best interests to deal with that issue. It would be on a circumstance-by-circumstance basis, and it would be after every attempt has been made to get a collective agreement.

It is not fair that we are out for seven days, in our case, and we get ordered back to work, when the company would not even negotiate the major item, and they thought all along that they would not have to because we would just get legislated back to work, and they would be able to impose some kind of unfair and unjust settlement on us. However, that didn't happen, and it looks like we will be going to the mediation-arbitration stage; but on certain occasions it would have to be considered, no doubt.

Senator Kinsella: Well, I agree with you. I think there should only be intervention when all ordinary measures have been exhausted. I guess it becomes a judgment call when the public interest is adversely affected, and that is, in part, the duty of governments.

If we turn to clause 8 of the bill before the Senate and the process of appointing the mediator-arbitrator, I think there is no difficulty with the mediation process, that this will continue and the mediator will serve as the honest broker between the parties who, hopefully through the mediation process, will arrive at a collective agreement. I might say that even when a collective agreement is signed, labour relations do not stop there. They must continue in the work setting throughout the entire work relationship. In this instance, however, should mediation not bring the parties to a collective agreement, then there is a provision for arbitration.

Clause 8(2)(*b*) of Bill C-37 provides that, if the mediator-arbitrator is unable to bring about agreement, then the mediator-arbitrator must hear the union and the employer on the matter and arbitrate the matter. So the arbitrator is there to provide for the continuance of the negotiation between the two parties. That is a fairly ordinary process at the arbitration level.

Do you think that the arbitrator using final offer selection or final offer arbitration as his or her method would make a more level playing field than if they simply were to hear the case advanced by the union and by the employer and make an arbitral award as opposed to choosing the final proposal of the employer or the final proposal of the union?

Mr. Daniher: Personally, as far as this union is concerned, we would not be in favour of that. The type of hearing we would like to see is a three-person panel, and we make our presentations to them. They would hear the merits of the argument and make a decision together. Final offer selection,

in one sense, can lead to the bottom line, but you can be a winner and loser in that situation, and you might not end up addressing the concerns that needed to be addressed. You may end up with a hostile work environment.

The way we have always done our negotiations is we have a job to do; we negotiate our agreement; we get the thing settled; we go back to work and move the country's grain. We are the number one port in the world, we believe. When the negotiations come up again, we continue to move that grain again, as we did this time, but we still have a job to do. If the job comes down to "we have to do what we have to do to get an agreement," we do that. When it gets resolved, we get back to being the number one grain port in the world. Final offer selection? This union disagrees with it.

Hon. Royce Frith (Leader of the Opposition): Just three points, Mr. Daniher. If the government had agreed to an independent industrial inquiry, would there have been a strike?

Mr. Daniher: Well, after the fact, it is a loaded question to that extent. I would look at it this way. If they had come in and examined the situation we were facing on the two occasions we invited them, that might have done a lot to lessen some of the hardships we have faced over the years. It would have brought the parties together before the bargaining process started so we could look at some of the things in the adjustment program, the early retirement provision and the impact of technological change. So I think it would have impacted on the negotiations and maybe the type of items that we hear, but that is strictly speculation. I would not want to say that this happened because they did not do that. The bottom line of this strike was that the company said there would be nothing on pensions. They would not even discuss the issue. So the strike was not about how much we were going to get. The strike was about the fact that they were not willing to give us anything or come to the table to discuss it. I would think that even with the industrial inquiry, if the companies had taken the position at the bargaining table where they said "nothing on pensions," we would still be out on strike at this point in time.

Senator Frith: I understand. On the basis of your evidence, the apparent dismal attitude of the government and the employer throughout, and the indictment that you have detailed, would seem to me to be exactly the kind of situation that that legislation and that process was designed to deal with.

Anyway, I will pass on that and will now move on to other items.

I have two other questions. Firstly, now that the government has brought in this legislation and has the majority in both places to see that it is passed, do you see any advantage to anyone in delaying its passage, particularly in view of what has happened up until now?

Mr. Daniher: If we review the situation, the process that has taken place in the last 72 hours, we feel that we are pawns in the game. They stated publicly that this dispute was not like the one in Vancouver, that there was a possibility of settlement, that the back-to-work legislation was not needed. They thought the parties could resolve their differences. Seven days later, for whatever reason, we see the back-to-work legislation on the table. It is a done deal. They have done it. They have done the damage and Mr. Mayer let out the word to the farmers. We never even had a chance to get out of the starting block to get into the negotiating process. At this point in time it would be counterproductive for grain handlers and farmers to delay the passage of this bill. We are not happy with it—that was stated many times in the house—but it would probably be counter-productive to delay it at this time.

• (1230)

Senator Frith: I understand. My last point is on clause 14. I think that clause 14 was wrong in relation to the PSAC strike, and it is wrong here. I say that on the basis of what you have told us about the timing of the back-to-work legislation. Clause 14 states:

> This Act shall come into force on the day immediately after the day on the which this Act is assented to, but not before the twelfth hour after the time at which it is assented to.

In the PSAC case, the union had the additional problem of time zones. I take it that that aspect is not a problem here, but I would ask you to walk us through exactly what would happen if we, for example, passed this legislation and Royal Assent were given. It is now 12:30 pm on Friday, October 11, 1991. If this bill is passed at third reading and is given Royal Assent, say, within the next hour and a half— 2 o'clock; it would be worse if it were earlier as I read this clause—what would happen? In 12 hours the clause states that the act would come into force on the day immediately after the day on which this act is assented to. That would mean that it would come into effect at 12:01 tomorrow morning, but not before the twelfth hour after the time at which it is assented to. Therefore, it would come into effect at 12:01 but a clock would tick a delay out until 2:01 a.m. tomorrow morning.

What would then happen? Would a shift have to come on at that time? Could you get in touch with your people? That is the first part of it, namely, what would happen? What would you feel you would have to do? Would all of your workers have to show up somewhere at 2:O1 a.m. tomorrow morning?

Mr. Daniher: It is impossible for me to get to my people to explain to them what has happened. As I said, a number of them have part-time jobs and a number of them are committed. It is moose hunting season. People have gone out of the country and some are out of town working now. I need time to have at least a meeting with them. People are not happy about this situation coming to an end in the way it has. They think that they got derailed, and they are showing great frustration. It will be very difficult for me, and for that matter even for the companies, to try to get to those people to round them up. They might get in touch with some of them, but certainly it would be total chaos.

Senator Frith: But even if you got in touch with them, are we dealing with a 24-hour operation? Would you have to say,

"All 700 of you have to be somewhere at 2:01 tomorrow morning"?

Mr. Daniher: That is exactly correct. I would have to get the companies' schedule. A couple of the companies had some discussions with me about that point yesterday but they did not know what shifts they would be running, who would be called back, the seniority, what kind of unloading they would be doing, or what was happening.

When we settled the last strike, we went back and unloaded cars. Now, there would be so many cars backed up that we would be unloading them right around the clock. One company phoned me and said, "Even though there is a backlog of cars, we are thinking about unloading Saturday." We did not know at what stage this legislation was. This was earlier in the day, and we did not know when it would be passed. I did not know that I would be down here. They said, "We are thinking of unloading Saturday and then maybe loading boats, if any, Sunday and Monday." In the past when a labour dispute resulted in a shutdown, we unloaded cars on a 24-hour a day basis and they put all the shifts back on. Right now, they are not even indicating whether there may be a few shifts or no shifts. They do not know what they are doing, so I do not have a chance to advise my people what we are doing.

Senator Frith: Has the company given you any schedule for tomorrow morning, that is, October 12?

Mr. Daniher: No, they have not.

Senator Frith: Is there any way of knowing whether you could find yourself in breach of subclause 2, which states:

> Where an employer or the union contravenes any provision of this Act, it is guilty of an offence punishable on summary conviction and is liable, for each day or part of a day during which the offence continues, to a fine of not more than $100,000.

Do you have any anticipation of a schedule? Will the government give you a schedule to tell you when you have to go back to work?

Mr. Daniher: We will do our best to get in touch with the people to have them abide by Canadian law.

Senator Frith: What will that law be? What do you say to your members? As you see it, do you have to have 700 people standing, by ready to go to work at 2 o'clock tomorrow morning?

Mr. Daniher: That is the way the legislation reads.

Senator Murray: It is not for me to tell you, Mr. Daniher, what is in the interests of your members.

Senator Frith: It would be nice if someone did.

Senator Murray: You are the expert on that. I will express an opinion, however. You have told us that the companies told you that you would not get anything on pensions. I accept that evidence, of course. But I do not think an industrial inquiry commission would solve your pension problem. I do not think an industrial inquiry commission could have forced the company to negotiate. This bill, by appointing a mediator/arbitrator, will force them to come to the table to discuss pensions. And if they will not or cannot, or if you cannot agree, then the mediator/arbitrator will impose a settlement.

With regard to pensions, my opinion is that your members will be no worse off with the passage of this bill than they were 36 hours ago. I would argue that they would probably be better off.

Mr. Daniher: We will have to wait and see, if it goes to arbitration, what the arbitrator says. Put it this way: We will not be able to put on the compnay the kind of pressure that we thought we could—that is, public pressure—to bring them to the table to negotiate a fair collective agreement. That stage of the game has been taken out of our hands. If we cannot settle this situation through the mediation stage—and we are cautiously optimistic; we will have discussions through that stage—we feel that we have a very strong case and that we can win a fair collective agreement even at the arbitration hearing, but it is still a gamble. The matter has been taken out of our hands.

This is why we have emphasized that if we cannot get a panel, then the expertise of the arbitrator, not just his knowledge, becomes critical in order for us to get a fair hearing, and so that he can decide what is just.

Senator Murray: The company told you some time ago that you were getting nothing on pensions. None of what you told us transpired before the mediator Tuesday indicates to me that the company had had a significant change of heart.

• (1240)

In any event, I do want to thank Mr. Daniher for coming here and for his testimony which has been, if I may say so, both coherent and comprehensive. Therefore I would thank him on behalf of the members of the committee, and advise honourable senators that the Minister of Labour is available now to come before the committee and testify.

Mr. Chairman, there is one matter I should like to deal with before I fetch the minister. Honourable senators will be aware that at our standing committees we make arrangements to pay reasonable travelling expenses for witnesses who are invited to testify before us. In this case Mr. Daniher and one of his colleagues are here at our request, and it would take a motion of the committee to authorize that the usual arrangements be made with respect to reasonable travelling expenses. I would therefore move that that be done.

Senator Molgat: That would cover Mr. Daniher and Mr. Mike Peron who came with him. Mr. Peron did not appear on the floor, and last week our understanding was that there would be only one person. However, Mr. Peron has been in the gallery following the proceedings.

The Chairman: It is moved by Senator Murray, seconded by Senator Lynch-Staunton that the reasonable expenses of Mr. Daniher and Mr. Peron in connection with their appearance before this committee be reimbursed in the usual way.

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

Hon. Senators: Agreed.

Senator Murray: Mr. Chairman, I believe all members of the committee know the Minister of Labour. He has appeared before the committee in the past on government legislation. He is accompanied by Mr. Michael McDermott, the Acting Deputy Minister of Labour.

[*Translation*]

On my right, Mr. Pierre Hamel, legal adviser to the Department of Labour.

Honourable senators, I believe the minister has a short opening statement to make.

Hon. Marcel Danis (Minister of Labour): Thank you, Mr. Speaker.

Honourable senators, it is with some reluctance that I come here today to ask you to adopt a bill that was passed by the House of Commons . . .

Senator Frith: You may sit down if you prefer.

Mr. M. Danis: Thank you, Senator Frith.

[*English*]

As you know, honourable senators, I am a very strong believer in our collective bargaining process. I am sure you know that in the federal sector well over 90 per cent of settlements that we achieve are done through our normal collective bargaining process. However, in certain circumstances I do believe that the public interest dictates that the government should intervene, as regretful as that may be. I have come to the conclusion that in this dispute the government should intervene, and we have done so by proposing to the House and to the Senate that they adopt Bill C-37.

The grain has not been moving for a number of days. The grain had not been moving in Thunder Bay, even before this particular work stoppage occurred, because of the PSAC strike that involved the inspectors in the grain elevators. I was told sometime last week that discussions had broken off completely. In a conversation with Mr. Daniher, he informed me that the reason that the negotiations had come to a standstill was because the wheat pools were refusing to discuss the issue of pensions. At that time I called the wheat pools and I said that it was my intention to send someone from Labour Canada to see if a settlement would be possible. I expected the wheat pools to discuss all issues once the Labour Canada representative was there, including the issue of pensions. On Monday of this week I received a call back from the wheat pools saying that they would go back to the table with no preconditions whatsoever.

I then dispatched the director of my mediation and conciliation service to Thunder Bay to talk to the parties. I told him that I was giving him 24 hours to assess the situation and to report to me on whether he felt a settlement was possible in a relatively short period of time. I am sorry to say that it was not possible to reach a settlement and, as a result, I gave notice to the House, before 6 o'clock on Wednesday night, that the legislation would be introduced. Yesterday, the House of Commons adopted the legislation with one amendment.

I am here today, honourable senators, to ask you to support this legislation so we can get the grain moving again.

Senator Olson: Mr. Chairman, I have one particular area of questioning and that is this matter surrounding the discussion of pensions. You know that Mr. Daniher has experienced a lot of difficulty, at least from his point of view, in getting the companies, particularly the wheat pools, to talk about pensions at all. Do you believe that the companies are violating or not living up to the arrangements or the agreement that they had before when they refuse even to discuss pensions with the union? I think you said just a minute ago that you conveyed a message to some of the wheat pools that you expected them to discuss all issues, including the pensions. Shortly after that you said the assessment of the situation was that it was not possible to reach an agreement, or that at least that was the view of your assessor. Did the companies refuse to honestly and sincerely discuss the outstanding differences respecting pensions, even after you more or less communicated to them that you expected them to hold such discussions?

Mr. Danis: I do not think anyone in the dispute was negotiating in bad faith. I know that the issue is pensions. The advice that I got from my director of the mediation and conciliation service was that he could not see an early resumption of work. Unfortunately, I was not in a position to wait for a week or ten days for the outcome of further negotiations. I cannot say what would have happened, but I did get the word of the attorney for the wheat pools, Mr. Hamilton, that negotiations would be undertaken, and also his word that there would be no preconditions. However, my advice was that there would not be an early resumption of work. That is why I then proposed the legislation to you.

• (1250)

Senator Olson: I understand that. We accept the union's position that at least a discussion and some readjustment of pensions is vital to them. It also includes some seniority rights with respect to some of the things the companies have been doing with recall rights and that sort of thing that adjusted them.

One of the tasks of the mediator-arbitrator that is called for in Bill C-37, is going to be to examine in detail and make some recommendations about the pension rights that seem to be the union's major problem.

Mr. Danis: Certainly, the role of the mediator, as you know, sir, will of course be to try to get the parties to cooperate and reach a settlement before they get to the arbitration stage. Once I appoint a person under legislation or under my own powers as a minister, I do not interfere at any time with the work that they do. In this case, because of the representation that you and others have made, it is my intention to send with the letter of appointment of this person a transcript of the *Debates of the House of Commons* yesterday and that of the *Debates of the Senate* today.

Senator Frith: Both in the house and in Committee of the Whole?

Mr. Danis: Yes.

Senator Olson: In addition to that, the mediator-arbitrator described in the bill is a single person. I am not saying that under some circumstances "a person" cannot be interpreted as three people. In any event, the union is a little concerned about whether or not that person will be someone who has expertise in pension issues and could carry into that discussion some views of the union. In fact, it was suggested that the union would be a whole lot happier if there was a nominee by the union, perhaps one from the companies and another one by the Minister of Labour, I presume. What kind of arrangement do you see coming out of this with respect to what in fact triggered this strike, and that was a lack of a agreement over some adjustment in the pensions?

Mr. Danis: I am told, sir, by both parties that the issue is pensions. Because I am told that by both parties, it would be my intention, if possible, to appoint someone with pension expertise. I say "if possible." If I do that, like all mediator-arbitrators that we appoint, that person will be given all the necessary resources possible to get full expertise in any area that they wish.

The reason I do not believe that a three-person panel will be helpful in this case is that I am absolutely convinced, especially after listening to Mr. Daniher earlier today, that Mr. Daniher of course will have the right to say what he wishes to the person in question, or Mr. Daniher's representatives will have that right. I am fully confident that once the person is appointed, both sides will have a full opportunity to put whatever expertise they wish to before that person.

Senator Molgat: The whole situation at Thunder Bay has been a problem for a long time. In 1968 there was a strike that lasted some two months; in 1981 there was one that lasted for days, and in 1986 there was one that lasted for five weeks. We know that each time this happens there is a particular problem for western agriculture and there is tremendous pressure to bypass the collective bargaining process. It was not bypassed in those three previous strikes, but there has been a problem in Thunder Bay for some time. This issue of pensions is not a new one, it has been known for quite some time.

Mr. Daniher told us this morning that, on a number of occasions, the union has requested an independent industrial inquiry. Why has the government not acted on that? Knowing the problem that was there, the history of the difficulties we have had, what a national problem it creates, why did we not act?

Mr. Danis: In my conversations with Mr. Daniher, I believe it was on Friday of last week, the issue of an industrial inquiry was raised. He did ask me to proceed at some point with the creation of an industrial inquiry, but he said, "Would you let us settle this dispute first and, after this is settled, then I would like you to look into it." I did give my undertaking to Mr. Daniher that once this dispute was settled I would look into the question of an industrial inquiry and I intend to do that.

Senator Molgat: That is a good step. However, you say, Mr. Minister, "last Friday." If I understood Mr. Daniher correctly, the request was made long before last Friday. It was made in previous years. Why is it that the government did not act? For example, Mr. Daniher told us this morning of the problem that some of the companies have not been making payments to the pension plan. This is not since last Friday, it goes back over some years.

Mr. Danis: The Thunder Bay situation is such that in the past 25 years there have been some work disputes, but this is the first time, unfortunately, that the government has had to resort to back-to-work legislation to settle the dispute. In all other cases, I am advised, a settlement has always been reached by the parties themselves. That is why in the past this government has not felt it was necessary to proceed with an industrial inquiry commission. In this particular case, as result of what has happened here, and also as a result of the previous time when I came before this distinguished chamber on the Vancouver grain handling situation, I indicated to Mr. Daniher that I would look at that possibility after this dispute was settled.

Senator Molgat: It seems to me, Mr. Minister, that we could have prevented a great many of the problems had there been some action previously. Mr. Daniher told us this morning, on the matter of retraining, that there were government funds available, that the union apparently was prepared to proceed, but that the companies would not join in so the retraining could not be done. In Canada we constantly speak about the need to retrain people. I would hope that your industrial inquiry will proceed very quickly and I regret that it was not done before.

My next questions should have been asked of Mr. Minister Mayer, but he was unable to be here today, so I will address the questions to you. Mr. Daniher told us that on Tuesday morning someone from your office, and he believes it was the deputy minister, called him to say that there had been a major breakthrough and that later that day the companies did in fact issue two press releases indicating that they were prepared to discuss all issues, including pensions.

• (1300)

The union then started to get its people together and the negotiation was to proceed. Your factfinder, Mr. Edmundson, then went to Thunder Bay. I believe he indicated that he wanted to have an agreement by 6 o'clock that day. That is pretty short notice to deal with an issue which has been outstanding for such a long time.

Be that as it may, why is it that Mr. Mayer announced earlier that day in Winnipeg, at approximately 1 p.m. local time, that the government would proceed with back-to-work legislation? Mr. Daniher said this morning that he felt it was a scam and a sham. In his shoes, I cannot see why he would think anything else, since he was told by someone in your department that by 6 o'clock that day, an unrealistic time, an agreement must be reached. Nevertheless, in the meantime, another minister said, "We will bring in back-to-work legislation."

Mr. Danis: Mr. Chairman, on Monday night at 6 o'clock I received the call back from the pool saying, "We will negoti-

ate, with no preconditions." The breakthrough to which Mr. Daniher refers is that I told the deputy minister that on Monday night, and on Tuesday morning the deputy minister advised him that there would be no preconditions. That was the breakthrough.

Concerning the reference to the minister responsible for the Wheat Board, I was told by the minister that while in Winnipeg he never used the word "legislation"; that he had been misquoted.

Senator Molgat: I cannot say whether or not he was misquoted. I was at that rally. Certainly, my understanding of what Mr. Mayer was saying was that back-to-work legislation would be brought in. I am sure that the 10,000 farmers who were there received that message, too. Let us assume that that is so. Had the government at that point decided on back-to-work legislation?

Mr. Danis: No, sir, we had not decided. As a matter of fact, I would have preferred it by a long shot had we not found it necessary to give notice for back-to-work legislation. If I had received a signal from my director that the grain would be moving again, even though the full issue might not have been completely settled, then of course I would not have given notice of the legislation. So, the government had not decided at that time. I made the decision to give the notice at 5.55 p.m. on Wednesday. I had to give notice before 6 o'clock, as you know, by our rules.

Senator Molgat: No decision had been made by Cabinet at that point?

Mr. Danis: No. It was my decision, sir, to proceed with that.

Senator Molgat: I think you will agree, Mr. Minister, that the 6 o'clock deadline to resolve the pension issue was not a realistic possibility. I do not think either the union or the company could have met that deadline.

Once the company said that it was prepared to discuss the issue and the union said that it would go back to work voluntarily, would that not have given more time to resolve the issue? Was there not a real possibility at that time that the issue could be resolved? Did you get that message at all from your factfinder?

Mr. Danis: The message I got, sir, from my factfinder was that I could not reasonably expect the grain to be moving on the short notice that I required. I agree with you, sir, that the notice to settle fully the pension issue in that period of time would have been most difficult. However, I did not require, necessarily, a full settlement of the dispute. What I required was at least some progress being made and the grain moving. That would have been okay for me at that time.

Senator Molgat: Whether Mr. Mayer was misquoted or not, that statement that afternoon effectively ended any possibility of an understanding, would you agree with that?

Mr. Danis: I have been told that some confusion was created in the room at the time the Canadian Press story came out. But I do not think that prevented the parties from continuing their discussions and reaching an agreement, had they wanted to.

Senator Molgat: Once the government says, "We are going to legislate you back to work," what is the point of any further discussion? Who would negotiate under those circumstances? It is impossible.

Mr. Danis: You have seen the legislation. It provides for a mediator-arbitrator. I still think it would be in the best interests of everyone concerned if they continued to negotiate and reach a settlement by themselves. If not, one will be imposed by the arbitrator. Thus, I think it would be in their best interests to negotiate. I understand Mr. Daniher has to be here today, but I hope that the parties will continue to negotiate to reach a settlement, even before the bill is proclaimed, if they can. The reason I say that is because we are not imposing a settlement.

Senator Molgat: As yet.

Mr. Danis: We are not imposing a percentage. With pensions, it would be difficult. Nor are we doing so with the issue of wages in the legislation.

Senator Frith: Mr. Minister, I want to finish for our side by asking you about two clauses in the bill. They are clauses 8 and 14. I understand that an amendment was proposed by Mr. Nault in the House of Commons. We heard today from Mr. Daniher that the union supported the amendment of Mr. Nault. I also know that there was a question about its admissibility since it might be outside the scope of the bill as passed at second reading.

Just for the sake of harmony, or for understanding, can you tell me if there was any merit in Mr. Nault's amendment, as supported by the union. Did you feel it was a proposal totally without merit? Or was it a close call in that, on balance, you had to decide against it? In spite of the question of admissibility, I understand that you were opposed to that amendment.

Mr. Danis: Mr. Chairman, to answer the question precisely I would have to say that, on balance, I did not feel it was an amendment that I could support. I say that because I am fully confident that the person who will be appointed as a mediator-arbitrator will give the fullest of opportunities to both parties to put forward their cases. In my mind there is an absolute 100 per cent guarantee of that. That is why I felt there was no need to have a union representative, a Wheat Board representative, as well as a third person appointed by me.

I am sure you would agree with me, senator, that whoever is appointed must give all possible opportunity to both parties to make their case on the issue of pensions.

Senator Frith: But the formula that was proposed is a formula that is used in some cases?

Mr. Danis: The last time that it was used in the federal sector was many years ago.

Senator Frith: But it is a form that is used in labour negotiations and arbitration?

Mr. Danis: You are right, sir, with regard to arbitration. Obviously, it is not used with mediation. I heard earlier today in Committee of the Whole one honourable senator mention that, therefore, what we should do is perhaps appoint one mediator and three arbitrators. Again, sir, on balance, I am confident that the parties will have a full opportunity to make their case known to the person in question.

• (1310)

Senator Frith: Yes, I understand that. Perhaps it is totally out of fashion, but in days when I was involved in this sort of thing, it was very common, under a collective agreement, before strike action, to have arbitration that consisted of one independent and someone representing the employer and someone representing the union. That formula or that composition had some merit. I assume its merit was not simply because an entity, a single person, refused to listen to both sides.

The advantage on the argument for this form was that both sides, the employer and the union, felt that in the final deliberations, as distinct from at the hearing, their side was going to be represented. Do you understand the distinction?

Mr. Danis: Yes.

Senator Frith: So when you say to me that you are confident that the individual will give both sides a chance, I agree with you. I do not believe that the reason for proposing a three-member body, or tribunal or whatever you want to call it, results only from a fear that there will be no application of the *audi alteram partem* maxim. Do you understand what I mean?

I will tell you why I am raising the point. After hearing the evidence of Mr. Daniher and some questions asked by Senator Kinsella, I was convinced that this pension question is not a simple one. When you are dealing with a group of companies, it is not a simple issue. It occurred to me that, even for psychological purposes, the union might feel better—and maybe the employer too—if the final deliberations involved all three parties.

You feel that, in this case, it was a close call and you decided against the tripartite or the troika system, but might there be cases where you would see it as appropriate?

Mr. Danis: I do not intend to say that the three-person system should be excluded completely. I would not exclude that system. I believe we have been moving away from three-person boards dealing with arbitrations at the federal level. We have done a three-person arbitration very recently in British Columbia, which was approved by the Senate. As far as I know today, the system appears to work and appeared to work well in that last legislation. I am satisfied that this one also will work well.

As a result of the concerns raised by the union and by many members here, I will do my utmost to appoint someone with expertise in the pension field, if that is possible.

Senator Frith: Clause 14 involves the coming into force of the legislation. That clause gave us some trouble on the PSAC strike. You may remember that the union in that case was dissatisfied with the coming-into-force provision of the legislation, not only because in that case there was a time-zone problem but because of difficulty even in single time zones.

At least we do not have the time-zone problem here. This clause 14, as it presently stands, purports to be an improvement over the original bill because it is the result of an amendment proposed by you in Committee of the Whole, Mr. Minister. Is that correct?

Mr. Danis: Yes.

Senator Frith: I am having difficulty understanding exactly how that will happen and how it will work. I understand the words, but I do not understand what Mr. Daniher is supposed to tell his people about where they have got to be and when they have got to be there, in order to avoid being in breach of clause 11.

Clause 11 provides that an individual who contravenes the provisions of the act is subject to a fine of not more than $50,000 where they are acting as an officer or representative, and of not more than $1,000 in every other case, and where it is an employer or the union, of not more than $100,000. If I were a union executive, or a member of the union for that matter, I would want to know exactly what I must do under clause 14 so as not to be in breach of clause 11.

Let us assume that we get third reading of this bill by 1:30 p.m. today. It is now 1:05 p.m. Clause 14 reads:

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

Stopping there, that means it would come into effect at 12:01, midnight tonight. As I read the clause, it tells me that I have to be somewhere at midnight tonight. And that applies to 700 hundred people. But then I read on and I think, no, I don't have to be there at midnight. I only have to be there not more than the twelfth hour after the bill was assented to, which would be at 1:30 in the morning. Seven hundred people have to find out where they are supposed to be at 1:30 in the morning.

What would you do, Mr. Danis, if you were a union executive? This is your clause. What would you tell your people? If I were phoning you and saying, "Mr. Danis, you are my union representative; where am I supposed to be? I don't want to be stuck with a $1000 fine."

Mr. Danis: Honourable senators, I tell you that this amendment on clause 14, which was moved by me in the House of Commons yesterday, was amended at the request of the opposition. The original bill said the following:

> This Act shall come into force on the day, or on the day at an hour to be fixed by Order of the Governor in Council.

It was at the request of the opposition that—

Senator Frith: I would like you to clarify that the "opposition" referred to is the New Democratic Party.

Mr. Daniher: Yes, the New Democratic Party. Not the Official Opposition. It was at the request of the New Democratic Party, in the spirit of cooperation that the government

generally shows in the House of Commons, and I am sure shows in this place, that we agreed to modify the clause.

To answer your question, sir, clause 14 must be read with clause 4 (*b*):

> (*b*) each employee shall, when so required, forthwith resume the duties of that employee's employment.

And the criterion, if that is the right word that should be used by employees in that case, is that they must show due diligence in showing up for work. I do not anticipate any problems whatsoever, and I believe that all parties will be reasonable in the circumstances. We must look at clauses 14 and 4(*b*) and, in addition to that, the criterion used in past similar cases, which is the use of due diligence. I am sure no one will ask members of the union to do things that are unreasonable.

Senator Frith: I suppose some would find that reassuring, but I would not were I a grain handler. It would seem reasonable to me, if you were my union executive, to ask you for advice on this question. I read the clause, and I must know whether or not I have to be somewhere at 1:30 tomorrow morning.

• (1320)

Senator Frith: Then I am told, "Don't worry, you'll be all right. Don't worry about your $1,000 fine because you need only be there when required." So I say, "When am I required?" Surely that is a reasonable question. You say, "At a reasonable time." Where does it say that? It does not say anything about a reasonable time.

I am leaning on this because I hope we do not get clauses like this in the future. I must say your original clause sounded a lot more attractive to me. That, unfortunately, is not where we are at. We are here with clause 14 and I suppose all we can do now is hope that *Hansard* and *Debates of the Senate* will be made public and that 700 grain handlers will be able to say that the minister thinks everyone is going to be reasonable. I suppose we cannot take it any further than that. Can you see any way we can? I mean the words are there. When someone normally says, "What must I do?", someone says, "What you must do is what the law says you must do". If that is so, then I have to be somewhere at one-thirty or two o'clock tomorrow morning, and there is nothing in the law that tells me where; but it tells me when.

Mr. Danis: I am glad to see, Senator, that you did like the original bill and I will certainly take your comments into account if it ever unfortunately comes about that we have to do another one.

Senator Frith: I hope 700 grain handlers are reassured, but I agree that there is not much more we can do with it now except hope that we think it through a little more carefully with the next bill, if there is one, which has such a provision. Thank you, Mr. Chairman.

Senator Hays: I do not have many questions, but I would like some clarification on matters that have been dealt with. I will not dwell on them, but Mr. Mayer's comments seem to be an important piece in this whole sequence. He indicated that he did not use the word "legislate". In fairness to him, what did he say he said?

Mr. Danis: I am sorry, I cannot answer that question. I do not know the answer to that. I was told that he had not used the word "legislation" as stated in the Canadian Press release.

Senator Hays: But not by him, by someone else. Someone conveyed that to you so you do not know whether he did or whether he did not, but someone told you he did not.

Mr. Danis: Mr. Mayer told me that he had not used the word "legislation" and thereby had been misquoted.

Senator Hays: And he did not elaborate on what he did say?

Mr. Danis: No, sir, he did not.

Senator Hays: So it was a short conversation.

Senator Olson: You guys should talk to each other.

Senator Molgat: He left town.

Senator Fairbairn: No. He was at the Arts Centre last night.

Senator Hays: There is another thing I wanted to ask for some comment on. As I listened to the union representative, our earlier witness, I heard a whole series of things which I would think fall under the category of the unions feeling that there were certain unfair trade practices by the employer. There is, of course, an industrial inquiry, and you have elaborated on that. It comes into existence later on, as I understand your point.

This is most unfortunate because, as Mr. Daniher said, it is some 20 years since this union was legislated back to work. Having lived through this, how are you reacting in terms of examining the labour legislation or the regulations which govern the relationship of these parties and the apparent failure of the provisions as they relate to a proper means of complaining about what the union perceives, or what an employer might perceive, to be an unfair trade practice, whether it is no sweepers in a lean and mean context, whether it is failure to deal with pension rights at an earlier date when ample opportunity was given to raise the issue, and so on and so forth?

Mr. Danis: With regard to the negotiations, we do have a process under our legislation whereby if one of the parties believes that the other one is not negotiating in good faith they can file a complaint with the CLRB and the CLRB may make a ruling at that time. The CLRB, as you know, is a quasi-judicial body so I am not aware if any complaint would have been made by the union. But we do have a process in place and there are complaints from time to time to the CLRB from one of the parties in a labour dispute. So I believe the process works. We talk about an industrial inquiry. An industrial inquiry would not solve that particular issue. We have a process in the Canada Labour Code which I think works well.

Senator Hays: I put it to you, Mr. Minister, with the greatest of respect, that it is not working that well or we would

not be here today. The mechanisms available to deal with problems in advance of their precipitating industrial action, such as the industrial action taken by the union here, however it is prompted, seem inadequate. I agree there is a lot more to be heard and a lot more to be looked into. This morning Mr. Daniher indicated that over a fairly long period of time a number of things happened which aggravated the relationship and there did not seem to be any provision in the legislation or regulations to provide for a way to deal with them in advance of their becoming a problem. I guess that is not a question, it is a comment in response to how well you think it is working. If you have a further comment I would appreciate it but I acknowledge it is not a question.

Mr. Danis: Obviously we are here today discussing back-to-work legislation because the parties have not been able to reach agreement on a particular dispute.

However, we do settle over 90 per cent—in the last year I believe it was over 93 per cent—of our work disputes without any intervention at this stage. Unfortunately, no one gets any publicity when that is done. When the head of my mediation service settles an Air Canada dispute dealing with thousands and thousands of workers it gets two lines on page 46 of the newspaper, and this one gets a lot of publicity. But I think on the whole, and considering that we sometimes unfortunately have to make exceptions, the system works quite well.

Senator Olson: I want to know what the Minister of Labour's interpretation of the words "assented to" in clause 14 is. It is fairly unusual that that is in a bill at all. Usually an act is not operational until it is proclaimed. You would have to proclaim this within the stipulated 12 hours. What does Royal Assent mean? What does "assented to" mean in this case in the absence of proclamation?

• (1330)

Mr. Danis: The bill does come into force with Royal Assent.

Senator Olson: It does?

Mr. Danis: Yes.

Senator Olson: What happened to proclamation? No requirement?

Senator Frith: He said that was in his original clause.

Mr. Danis: The same wording was used for the Vancouver legislation also, which unfortunately we had to pass.

Senator Frith: Just for the record, on this clause, because I guess we will all be looking at it for the next time, I must in fairness say that we have received an undertaking and assurance from you, as Minister of Labour, that we were unable to wring from the President of the Treasury Board. Then, I suppose, the Treasury Board is less concerned about a reputation for being compassionate than is the Department of Labour.

Senator Molgat: When I was asking you questions regarding the independent industrial inquiry, did you said you would be establishing one?

Mr. Danis: No. I said I would consider it, sir.

[Senator Hays.]

Senator Murray: If I may, Mr. Chairman, I would like to thank the minister and his officials for appearing, and we hope we may not see them again soon, but one never knows.

The Chairman: Honourable senators, shall clause 1, the short title, stand?

Hon. Senators: Agreed.

The Chairman: Shall clause 2 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 3 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 4 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 5 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 6 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 7 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 8 carry?

Hon. Senators: Agreed.

Senator Frith: For the reasons we explained earlier, we would prefer clause 8 to have the formula proposed in the other place by Mr. Nault and supported by the union. Therefore, that clause carries on division.

The Chairman: Shall clause 9 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 10 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 11 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 12 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 13 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 14 carry?

Hon. Senators: Agreed.

Senator Frith: For the reasons previously mentioned on that clause, as well as its lack of clarity, we want that clause to carry on division.

Senator Molgat: But we note, particularly, the comments of the minister, that he will be very lenient on this question.

The Chairman: Shall the schedule carry?

Hon. Senators: Agreed.

The Chairman: Shall the title carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 1 of the short title carry?

Hon. Senators: Agreed.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

Senator Lynch-Staunton: Mr. Chairman, I move that the committee rise and report the bill without amendment.

The Chairman: Is it agreed?

Hon. Senators: Agreed.

[*Translation*]

The Hon. the Speaker *pro tempore:* Honourable senators, the Senate resumes its sitting.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Gerald R. Ottenheimer: Honourable senators, the Committee of the Whole to which was referred Bill C-37, an Act to provide for the resumption and continuance of grain handling operations at Thunder Bay, Ontario, has examined the said bill and has directed me to report the same to the Senate, without amendment.

[*English*]

THIRD READING

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

Hon. Lowell Murray (Leader of the Government): Honourable senators, with leave, I move that the bill be read the third time now.

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

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

Motion agreed to and bill read the third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1

THE SECRETARY OF THE GOVERNOR GENERAL

October 11, 1991

Mr. Speaker:

I have the honour to inform you that the Honourable Frank Iacobucci Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 11th day of October, 1991, at 1:30 p.m., for the purpose of giving Royal Assent to a Bill.

Sincerely yours,

JUDITH A. LAROCQUE
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

• (1340)

ROYAL ASSENT

The Honourable Frank Iacobucci, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bill:

> An Act to provide for the resumption and continuance of grain handling operations at Thunder Bay, Ontario (*Bill C-37, Chapter 31, 1991*)

The House of Commons withdrew.

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

• (1350)

The sitting of the Senate was resumed.

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 22nd October, 1991, at 2 o'clock in the afternoon.

I would add the proviso that, as honourable senators know, mediation is going on now under the direction of Judge Gold. I hope that he will be successful, but should that not be the case, it could be that the government will decide to intervene directly.

Senator Frith: You would slam them back in that fast?

Senator Lynch-Staunton: I only want to give you an indication that our schedule is not as fixed as we would like it to be.

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

Hon. Senators: Agreed.

Motion agreed to.

NATIONAL DAY OF REMEMBRANCE BILL

FIRST READING

The Hon. the Speaker: *pro tempore*, informed the Senate that a message had been received from the House of Commons with Bill C-202, respecting a national day of remembrance and action on violence against women.

Bill read first time.

On motion of Senator Lynch-Staunton, with leave of the Senate and notwithstanding rule 58(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

The Senate adjourned until Tuesday, October 22, 1991, at 2 p.m.

THE SENATE

Tuesday, October 22, 1991

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

Prayers.

THE LATE HONOURABLE HAZEN ARGUE, P.C.

TRIBUTES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I rise to pay tribute to the late Senator Hazen Argue, one of Canada's longest serving parliamentarians. He was a member of the other house for 18 years and a senator for 25 years—altogether 43 years of service in the Parliament of Canada.

Hazen Argue was known as the farmer's champion and could always be found on the side of the underdog. He was born on January 6, 1921 to Howard and Legia Argue, pioneer farmers in Kayville, Saskatchewan. This background provided him with knowledge and empathy for the plight of the farmer which he carried with him throughout his political career. He attended the University of Saskatchewan where he nurtured his debating skills as president of the Debating Directorate, and furthered his knowledge of the farming industry by obtaining a Bachelor of Science degree in agriculture.

In 1945, at 24 years of age, he became the youngest parliamentarian in Canada's history. He maintained a seat in the other house as a member of the CCF until 1962. However, when the amalgamation between the CCF and the New Democratic Party occurred, he left the CCF because he said he felt that the NDP, with its labour base, would not be able to represent all Canadians and, in particular, farmers—again he championed farmers.

I am quoting from the *Leader-Post* of February 20, 1962, where there is a picture of a young and vigorous-looking Hazen Argue handing over his keys as CCF House leader to H. W. Herridge. He said at the time:

> I am now convinced the New Democratic Party will not appeal to the Canadian people. The CCF would have done much better in Canada than the NDP.

I offer these as reasons that he gave at the time, rather than *ex post facto* for his leaving the NDP.

I quote, too, from a column of December 30, 1963, by Douglas Fisher, I must say, also carrying a picture of a younger-looking Douglas Fisher. He quoted Hazen Argue:

> The NDP has now become the tool of a small labour clique and is effectively under their domination and control.

I am not associating myself with these comments, nor failing to associate myself with them. I am simply quoting them as Senator Argue's words.

In 1962, the good Senator—and I am associating myself with this—"saw the light" and became a member of the Liberal Party. The Liberals, he said, came closest of all the existing parties to his ideals. Senator Argue was elected to the other place as a Liberal in the riding of Assiniboia in 1962. In 1964 he became the federal Liberal Party organizer in Saskatchewan.

Hazen Argue was summoned to the Senate on the recommendation of Prime Minister Lester Pearson in 1966. As a Senator, he consistently represented the farmers of western Canada and always argued the case of the underdog, not solely that of farmers. Former Prime Minister Pierre Trudeau took advantage of his knowledge and insight into the life of the western Canadian farmer and appointed him Minister responsible for the Wheat Board. From 1980 to 1984, while he held the post, Canada's wheat exports increased from 15.6 million tonnes to 21.3 million tonnes, which incidentally is well ahead of 1990's level of 17.3 million tonnes.

Senators who were here at the time will remember that Senator Argue was a walking encyclopedia on matters of western farming, grain production and sales. I remember one time when one of us here in this chamber asked him a question. He stood up and spoke in response to the question, and then pulled some notes out of his pocket. I remember Senator Bob Muir making the comment that Senator Argue always had his music when he was asked to play. He always did, and he always entertained and informed when he did so.

Throughout his career he argued for the causes of average Canadians. In addition to the farmers, he sought better programs for young Canadians. He applauded the reduction in the voting age from 21 to 18. An article about the Company of Young Canadians that appeared in the December 20th, 1969 edition of the *Leader-Post* reported that Senator Argue said:

> Good Canadians should regard our youth with great tolerance.
>
> We should admire their idealism and do everything we can to be tolerant and channel this idealism in a constructive direction.

As many senators will remember, Senator Argue championed also the interests and issues concerning senior citizens, especially their economic situation. He once said of seniors living in nursing homes:

> The board may be adequate, or nearly so; the rooms may be comfortable. But for many elderly citizens, these homes are little more than "jails without pay".

And he spent a good deal of time visiting those homes, as we know.

Hazen Argue consistently lambasted the Americans for their unequal treatment of minorities, while encouraging the development of a multicultural society in Canada. In a speech in the Senate in 1988, he said:

> During my lifetime I have had the privilege to associate with many ethnic people in many walks of life. I have felt that Canadians coming to this country from many lands have made a very valuable contribution over the years . . .
>
> As I have visited with one ethnic group after another, I have had the feeling and the conviction that, because we have taken an enlightened attitude recently in this country to the contribution that can be made by our ethnic communities, those people from various ethnic backgrounds are very proud to be called Canadians.

Senator Argue encouraged the early teaching of the French language in schools. The senator himself was praised by the Quebec press for his support of the French language. In March of 1962, *Le Nouvelliste de Trois-Rivières* reported:

> Hazen Argue has all the qualities of a great parliamentarian. He is hardly forty years of age. He is an outstanding debater, a fact which has been proved on many occasions in the Commons. Of all the MPs of the New Party, he was the only one capable of speaking to Quebec in its own language. Tens and hundreds of thousands of French-speaking people have been able to note with what facility he expressed himself, and how he was constantly making rapid progress in this language.

He argued for the abolishment of capital punishment. He was a consistent supporter of human rights, working for its entrenchment in the Charter of Rights and Freedoms, arguing that this would be the only way to ensure protection for individuals.

In 1980 he was reported as saying:

> Surely no one would seriously argue against the basic legal, democratic and human rights. It's not good enough to say "just leave to the political majorities in the legislatures".

Senator Argue's enthusiasm for the things he espoused was indicated in various demonstrations. At one time he and his wife conducted a two-person demonstration outside the American embassy in Ottawa to protest American sales of subsidized wheat to China. They were successful. After two days of protest, they obtained a 45-minute meeting with the then U.S. ambassador Thomas Niles to press their case.

• (1410)

During the same period, the senator and his wife embarked on what they called their "Journey for Justice" across the prairies. Their purpose was to examine the on-farm situation firsthand. They crossed Manitoba and southern Saskatchewan with a television crew from the *Journal*, hoping to expose all Canadians to the desperate situation in western Canadian farming.

[Senator Frith.]

At the First Ministers' Conference in 1985, the senator attempted to gain access for protesting farmers into the conference hall saying, and again a quote from the *Leader Post:*

> "You want to get in, I'll take you in," the Liberal senator said.
>
> "There are 1,500 empty seats in there. It's your conference. This isn't the Soviet Union," he said.

Our friend, Senator Argue, was a man of courage, fighting passionately for causes he believed in. As one editorial put it:

> [his passing] removes a passionately caring and dedicated champion from the political scene.

We express our condolences to his wife Jean and to his children.

Hon. Lowell Murray (Leader of the Government): Honourable senators, when Hazen Argue died earlier this month, the *Globe and Mail* carried his obituary with a three-column headline that read "Liberal Senator Spoke for Farmers." Speak for farmers he did, ably and passionately, for more than 46 years, all but three of them as a representative of Saskatchewan in the Parliament of Canada.

Hazen Argue gave made his maiden speech in the House of Commons on September 25th, 1945. His constituents in Wood Mountain, Saskatchewan, ". . . are not wealthy," he told the House, "and I think honourable members will have guessed the reason why. They are largely farmers, and the farmers of Canada have never received their fair share of the national income."

In the same speech he spoke of the credit squeeze on his farmers, the high production costs and low financial returns for their wheat, and the need for more emphasis on agricultural research. He went on to advocate a change in the income tax law as it affected farmers and four changes in the Prairie Farm Financial Assistance Act to provide income security for farmers in times of crop failure. "I believe," he said, "that Canadians have come to realize that prosperity, like peace, is indivisible. If labour and small business is to prosper, then agriculture must also prosper. Indeed, prosperity in Canada generally depends on a prosperous agriculture."

Almost 20 years later, on June 15th, 1966, a few months after his appointment to the Senate, Hazen Argue spoke in the Throne Speech debate in this chamber. "The price of wheat, generally speaking, has not changed in the last 20 years," he said. "The price farmers received per bushel of wheat produced in 1945 was almost identical with the price they received for a similar bushel of wheat just one year ago. How many other industries have not had an increase in their prices in the last 20 years? Although the price of wheat has remained the same, the index of farmers' costs of production has doubled in this period."

As we all know, and as those quotations and the ones put on the record earlier by the Leader of the Opposition demonstrate, Senator Argue was relentless in his advocacy of farmers' interests. As the Leader of the Opposition has pointed out, as a cabinet minister from 1980 to 1984 in the Trudeau government, Senator Argue took every opportunity to promote

the interests of farmers and the interests of the Co-operative movement, whose champion he was. Others here have been his allies or adversaries in the tumultuous and colourful politics of Saskatchewan. His name will be remembered with those of Tommy Douglas and Ross Thatcher among the leading political personalities in that province in the last half century.

Honourable senators are also aware of the controversy concerning Senate funds which arose several years ago and led to charges being laid against him and later withdrawn. All of us, especially those senators who were responsible for pursuing these matters when they arose, regret the fact that what turned out to be his fatal illness overtook him and prevented him from having his day in court, as he wished to do. In this chamber his denial of having intended or committed any impropriety was unqualified and the record should show this. In particular, I draw the attention of honourable senators and those who are interested in the record to Senator Argue's declarations in this chamber of July 5, 1988, and September 30, 1988.

Hazen Argue's record, taken as a whole, was one of passionate dedication to the interests of the people he represented. That record was for him, his family, friends and colleagues, a proud one. We close it this afternoon with sadness.

Hon. Senators: Hear, hear!

Hon. H.A. Olson: Honourable senators, I became acquainted with Senator Argue in 1957. By that time he had already been here 12 years, so that it is for a long period of time that I have known of his activities on behalf of the people that he believed he represented in both chambers of the Parliament of Canada.

As has been said, Senator Argue had a very deep, sincere and abiding interest as a tireless champion or advocate of our farmers. As has already been pointed out, my acquaintance with him led me to believe that it went far deeper than that. He was for the farmers' interests because he was familiar with what was involved in that, but he always had a deep and sincere interest in the underdog—as has been pointed out—and in other fields in addition to the well-being of farmers. Terms such as "a tireless advocate", and so on, express the dedication that Senator Argue had for pursuing the interests of the underdog. But that does not quite say it all.

• (1420)

I think that perhaps there are other words, but I do not know what they are. However, I know this, that whenever he supported someone whom he felt was being persecuted, either by the system or by someone in the system, his reaction was automatic. He would support them and remain supporting them until some remedial action had been taken or there was absolutely no hope. There was never a question of whether or not he would come to the support and defense of people in that category. It was automatic, and he stayed with the job until it was done.

Hazen Argue would not become discouraged because he might have appeared to have been abrasive to someone. That did not bother him. He knew that on many occasions people in the so-called establishment—whatever establishment you might care to talk about—did not like the way he did things, but, as I said, that did not discourage him; he would go forward anyway.

Canada and the Parliament of Canada have lost a very rare person who was always ready to support, no matter how much time or effort it took, the position of the underdog, particularly the people in the agriculture industry whom he felt were being oppressed or depressed. As I said, whether or not the matter was controversial did not bother him; he was not afraid. He waded into the matter as if it were someone else's problem, and not his. It will be a long time before an advocate or representative of the likes of Hazen Argue will appear in the Parliament of Canada.

The Leader of the Government mentioned that Senator Argue was a strong advocate of the Co-operative movement in Canada. He certainly was. I know that several major amendments were made in the House of Commons to federal legislation respecting cooperatives, and many of them came about as a result of Senator Argue's effort. He will be missed for the reasons I have explained. I hope that the rest of us will pick up and do some of the things that Senator Argue did in respect of the people I have mentioned.

In closing, I want to express my sympathy to his wife and family. They were not particularly close friends of mine but I know that Jeannie also shared the same views as Hazen in supporting the underdog. Certainly over the years she has been extremely active in making sure that those views were expressed before and on behalf of the people that she and Hazen represented.

Hon. Gildas L. Molgat: Honourable senators, the three previous senators have covered Senator Argue's contribution very well. However, on a personal note, I do want to associate myself with those comments. When I first came to the Senate in 1970, Hazen was my desk mate. We sat together as a happy duo for a number of years. While I had known Hazen prior to that time, being a prairie politician myself, I came to appreciate him even more during that period as we discussed bills before us and, as well, the issues before Canada. Hazen was exactly as he has been described: an intensely passionate supporter of the farmers of Canada and of people with financial difficulties and in need of help.

Hazen was also a very active politician and we in Manitoba had many occasions to invite him to our province to speak to rural groups. He was always willing and available, and he always had a meaningful message for the farmers in my province. It is unfortunate that at this time when Canadian farmers and particularly western farmers, in their present difficulties need all the strong voices possible to support them, we have lost this very strong voice of Hazen's.

His wife, Jean, worked with him side by side consistently through those years, and I want to express to her and to the family my deepest personal regrets. I have lost not only an individual for whom I had a great deal of respect but a good friend.

NATIONAL FINANCE

EFFECT OF TRANSFER PAYMENT CUTS ON ATLANTIC PROVINCES

Hon. Lorne M. Bonnell: Honourable senators, with regret I read in the newspapers that the federal government is cutting millions of dollars from transfer payments to the Atlantic provinces.

I believe on this particular day the premiers of the Atlantic provinces are meeting in Halifax to discuss the drastic cuts in the transfer payments from Ottawa which, under our new Constitution, were to be protected and supported.

I understand that Prince Edward Island will receive $17 million less than anticipated, New Brunswick will receive $100 million less than anticipated, and Newfoundland will receive $53 million less than anticipated. Apparently the only province that can look for any support at all is the province of Nova Scotia, which just happens to be led by a Tory government—that almost looks like political patronage.

I hope that the day has come that this government will realize that the Atlantic provinces have been cut adrift through free trade. The unemployment rate is high and the economy is stagnant. The agricultural industry has been destroyed by potato viruses. The hog industry has been destroyed by the marketing boards being curtailed, and the price of pork is down. The egg and poultry business is destroyed; the fisheries are gone. With the 7 per cent goods and services tax on accommodation, and with high gasoline prices, taxes are so high that tourists cannot afford to go there any more. The economy of Atlantic Canada is in very serious straits.

I ask the Leader of the Government in the Senate to report back to his cabinet and his Prime Minister in order to tell them that this situation must be changed. I ask him to tell the Honourable Mr. Don Mazankowski that he should come east and see. They might have problems in the west—they are having some problems right now with the NDP—but they are going to have more problems if they do not do something about Atlantic Canada's economy and try to get this money back in equalization payments.

COMMITTEE OF SELECTION

FIFTH REPORT PRESENTED AND ADOPTED

Hon. Finlay MacDonald, for Hon. Richard J. Doyle, Acting Chairman of the Committee of Selection, presented the following report:

Tuesday, October 22, 1991

The Committee of Selection has the honour to present its

FIFTH REPORT

Pursuant to Rule 86 (1)(*b*) of the *Rules of the Senate*, your Committee submits herewith the list of additional Senators nominated by it to serve on the following select committees:

[Senator Molgat.]

SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators Bosa, MacEachen, Stollery, Stewart and Robichaud.

SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Fairbairn, Leblanc (Saurel), Marsden, Sparrow and Stewart.

SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Davey, Graham, Petten, Stollery and Watt.

SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Cools, Hastings, Lewis, Neiman and Stanbury.

SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators De Bané, Haidasz, Kirby, Perrault and Thériault.

SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

The Honourable Senators Bonnell, Bosa, Gigantès, Marsden and Stanbury.

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

The Honourable Senators Fairbairn, Hays, Olson, Perrault and Riel.

SENATE COMMITTEE ON FISHERIES

The Honourable Senators Adams, Corbin, Petten, Stewart and Thériault.

SENATE COMMITTEE ON ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

The Honourable Senators Adams, Austin, Hays, Kenny and Lefebvre.

SENATE COMMITTEE ON ABORIGINAL PEOPLES

The Honourable Senators Adams, Austin, Hébert, Marchand and Watt.

Your Committee notes that all members have now been nominated by the Committee of Selection to all select committees of the Senate, with the exception of the Standing Committee on Privileges, Standing Rules and Orders and the Standing Joint Committee on the Scrutiny of Regulations.

Respectfully submitted,

RICHARD J. DOYLE
Acting Chairman

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

Senator MacDonald: Honourable senators, with leave, now.

• (1430)

Hon. Jack Marshall: Honourable senators, may we hear the names of those who are designated to serve on the committees?

The Hon. the Speaker: A list of names has been distributed, Senator Marshall.

Is leave granted, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): The Deputy Leader of the Government and I have discussed the matter of leave. We are prepared to give leave so that the committees may proceed to their work.

I believe that a committee will be sitting after the house rises this afternoon. Thus, we are prepared to give leave.

Hon. M. Lorne Bonnell: Before leave is given, honourable senators, I would like to say that I agree with my friend Senator Jack Marshall. The list is here on my desk. It was here before the motion was made. I suggest to honourable senators that until a motion is made that certain things be done, it should not be taken for granted that they will be done automatically. The motion should be put first and then the list can be distributed afterward. The fact that these lists are on the desks of senators ahead of time seems to take for granted that we will approve of these matters beforehand.

I suggest that chairmen make their motions, table their reports and that we discuss them afterwards.

Motion agreed to and report adopted.

[*Translation*]

SCRUTINY OF REGULATIONS

SECOND REPORT OF JOINT COMMITTEE PRESENTED

Hon. Normand Grimard: Honourable senators, I have the honour to present the Second Report of the Standing Joint Committee for the Scrutiny of Regulations on the Agricultural Exhibition Loans Order.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of Proceedings* of this day and form part of the permanent records of this house.

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

Hon.Senators: Agreed.

(*For text of report, see Appendixes "A" and "B", p. 469.*)

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

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

SCRUTINY OF REGULATIONS

THIRD REPORT OF THE JOINT COMMITTEE PRESENTED

Hon. Normand Grimard, Joint Chairman of the Standing Joint Committee for the Scrutiny of Regulations, presented the following report pursuant to Rule 105:

Tuesday, October 22, 1991

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

THIRD REPORT

Your Committee, which was authorized by the Senate to incur expenses in connection with its permanent reference relating to the review and scrutiny of statutory instruments, reports, pursuant to Rule 105, that the expenses of the Committee during the Second Session of the Thirty-Fourth Parliament were as follows:

Professional and Other Services	$36,963.75
Transportation and Communications	7,658.23
Other Expenditures	16,610.79
	$61,232.77

Respectfully submitted,

NORMAND GRIMARD
The Joint Chairman

[*English*]

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-10, to amend the Excise Tax Act and the Excise Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, October 24, 1991.

• (1440)

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith: Honourable senators, I have received quite a number of petitions during our adjournment. The wording of each petition is as follows, the first one of which is in French:

[*Translation*]

> The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that your honourable House will therefore provide a remedy,
>
> HUMBLY SHEWETH
>
> Whereas the new 7 per cent federal tax on all goods and services adopted by the Conservative government will create serious, undue and inhuman hardship for Canadians; and
>
> Whereas imposing this tax will constitutes an unprecedented attack on the dwindling incomes of Canadians, not only by obliging them to pay higher taxes but also because of the increase in the cost of living as a result of inflation, interest rates and the increase in unemployment caused by this new tax; and
>
> Whereas the methods used by this government are not worthy of a democratic country, reflecting the whims of legislators who want to impose a dictatorship, thus ignoring the opinions of the people; and
>
> Whereas the people have lost confidence in the Conservative government.
>
> Wherefore we humbly pray and call upon senators and members who truly represent the people of this country to do everything in their power to fight the new goods and services tax, and we demand an election immediately.

[*English*]

These petitions are as follows: From Alberta, two petitions with 46 names; from New Brunswick, 6 petitions with 124 names; from Ontario, 13 petitions with 310 names.

[*Translation*]

From Quebec, 16 petitions with 339 names.

[*English*]

Total petitions are 37 with 819 names.

VETERANS AFFAIRS

PRESENTATION OF PETITIONS

Hon. Jack Marshall: Honourable senators, I want to table 548 petitions from veterans' groups in support of the report of the Senate subcommittee entitled, "It's Almost Too Late". In spite of the fact that the deadline was last March, these petitions are still being presented to me, and I read the breakdown as follows: Branch number 94, Greenfield Park Legion in Quebec, 56 petitions. Another Legion in Quebec, 32. Royal Canadian Legion, St. Bruneau, Quebec, 50. Legion Royal Canadien, St. Jerome, 32; Branch 4, Canadian Legion, Verdun, Quebec, 107; Branch 159, St. Hubert, Quebec, 48; Branch 24, Royal Canadian Legion, Montreal, 170; Branch 68, St. Lambert, 13; Branch 13, Royal Canadian Legion, Corner Brook Newfoundland, 40. The total is 548.

[The Hon. the Speaker.]

QUESTION PERIOD

UNITED NATIONS

CANDIDACY OF PRIME MINISTER FOR POST OF SECRETARY GENERAL

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. Is the Prime Minister a consenting candidate for the office of Secretary-General of the United Nations?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I little much more about that matter than what we have heard in the media. The Prime Minister's name has gone forward, and he has stated in public today that he regards this news out of New York last night as an attribute to Canada and to the important role that Canada has played in the United Nations for many generations. So far as I am aware, he has not gone beyond that. If the honourable senator wishes, I will be glad to convey the sense of his question to the Prime Minister.

Senator Frith: Then I take it that he is a consenting candidate? You will let us know.

Senator Murray: I will be glad to convey the sense of the honourable senator's question to the prime minister.

Hon. H. A. Olson: Do you understand the question?

Senator Frith: I am sure that the Leader of the Government in the Senate understands the question, and I am underlining the adjective "consenting". I think the people of Canada are entitled to know whether he, either before or after any proposal was made, consented to his candidateship.

My second question is—and perhaps the Leader of the Government will have to get information in order to answer this also—have Canadian missions abroad been asked to seek support for his appointment?

Senator Murray: Honourable senators, I think I can almost certainly indicate that the answer to that question is in the negative. The Prime Minister has stated this morning that he has not directly or indirectly sought, nor is he seeking, any position other than the one he now holds.

Senator Frith: I do, however, note the Leader of the Government's use of the words "almost certain", and I do ask him to make absolutely certain, and to advise us.

Senator Murray: Honourable senators, I think I can answer the question with certainty. No such instructions have gone out to our missions overseas.

Senator Frith: It is always very difficult to prove a negative.

Hon. Stanley Haidasz: On this same question, can the Leader of the Government in the Senate tell us if the Prime Minister has formally accepted that his name be put forward as a candidate for the post of Secretary General of the United Nations.

Senator Murray: I believe I answered that question when Senator Frith asked it a few moments ago.

Senator Haidasz: What was the answer? At least for my information, would the honourable Leader of the Government in the Senate tell us again, yes or no, has the Prime Minister agreed to stand as a candidate for the post of Secretary General of the United Nations?

• (1450)

Senator Murray: Honourable Senators, as I have said in quoting what the Prime Minister said this morning, he has not and is not directly or indirectly seeking any position other than the one he now holds.

Hon. Philippe Deane Gigantès: If I understand it rightly from the Leader of the Government, he cannot give us any information which will enable us to rejoice for Canada and grieve for the United Nations, if the Prime Minister goes to the United Nations, or grieve for Canada if he stays and rejoice for the United Nations.

Senator Murray: Honourable senators, I would have thought that the honourable senator and all honourable senators and our fellow Canadians would rejoice in the fact that Prime Minister Mulroney's name has been put forward and that they would greet this news in the same spirit as the Prime Minister has greeted it, namely that it is a tribute to Canada and to the important role that Canada has played in the United Nations since 1945.

AGRICULTURE

FEDERAL SUPPORT FOR GRAINS SECTOR—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, I would like to ask the Leader of the Government a question respecting the $800 million in support of the agriculture industry that was announced a few days ago. Various agricultural organizations have been seeking details without success, such as how it is going to be paid and what criteria will be used to pay it. There was a bit of information that there would probably be about $100 million for agriculture other than the grains sector.

One of the very important questions that we do not get an answer to is whether this $800 million, or $700 million, more or less, that is going to the grains sector is money in addition to what will have been paid out under the terms and conditions of GRIP and NISA.

Whether it is new money, third-line-of-defence money, or whatever you want to call it, has the government made a decision on the procedures that will be used for making the payments?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will have to ask my colleagues, Mr. Mazankowski, Mr. McKnight and Mr. Mayer, to provide details on the process through which this assistance will be made available.

With regard to the first part of the question, I can only quote from the announcement made by Mr. McKnight on October 10, when in announcing these new measures he said:

> The support package will bolster cash already flowing under federal-provincial safety net programs, including the Gross Revenue Insurance Plan (GRIP) the Net Income Stabilization Account (NISA) crop insurance and national tripartite stabilization programs. These existing safety net programs will provide $2.5 billion to grains and oilseeds producers over the next nine months.

Senator Olson: I do not think the Leader of the Government understood the question, or maybe he understood it too well. Some people who are knowledgeable in figuring these things out believed a payment would be made under GRIP in the amount of about $800 million around February and March of 1992, regardless of whether or not there had been an announcement of some new payment on a third line of defence.

I am asking whether this announcement is simply an advance announcement of $800 million that the government knows very well is going to be paid anyway, or is additional funding, new money, a new commitment of funding for assistance to agriculture.

Senator Murray: Honourable senators, in the course of the discussion here some days ago at third reading of the bill to end the work stoppage at Thunder Bay, I pointed out that about $2 billion would be going out to farmers in assistance through various programs in the next year and that most of that would be through the two new safety net programs, GRIP and NISA. Those programs are going ahead and I think the honourable senator can take it for granted that the $800 million announced earlier this month is supplementary to those existing programs.

Senator Olson: No, the honourable senator cannot take that for granted, because there are no clear answers coming from the government, or the Minister of Agriculture or the Minister of Finance. The Leader of the Government in the Senate is the only person of whom I can ask that question.

A lot of people who are knowledgeable in this have made the calculation, based on the price and the guaranteed income under GRIP, and indeed the time when a payment would be made under the GRIP program anyway, that that comes to about $800 million.

We cannot just take it for granted. The government has to say. Is that the payment it was talking about or is it going to make an additional $800 million available about the time it indicated, which is early spring of 1992?

Senator Murray: Honourable senators, I do not have the information in front of me, but I recall having put before the Senate the schedule of payments, if I can describe it as that, between now and next June. That is on the record. Again I draw the honourable senator's attention to the announcement made by Mr. McKnight in which he said that the $800 million package would bolster cash already flowing under federal-provincial safety-net programs and that these existing programs would provide $2.5 billion to grains and oilseeds producers over the next nine months.

Senator Olson: Honourable senators, we know that; that is not news. We have known what the government's estimate of the cost and the payments under GRIP particularly, but NISA too, will be. Will the minister at least give me an undertaking that he will tell me soon, because there are a lot of farmers who would like to know, whether the $800 million referred to that will be paid early next spring, according to the government's own statement, is a payment that was going to be paid under the GRIP and NISA programs in any event, or is new money that will be added for agricultural assistance at that time. No "ands, ifs or buts"; just state whether it is a new program or simply a pre-announcement.

Senator Murray: Honourable senators, with respect, the announcement by Mr. McKnight, the relevant paragraph of which I have now read twice, contains no "ands, ifs or buts. That having been said, I will certainly take the honourable senator's questions under advisement. As information that he seeks becomes available I will bring it to the house.

• (1500)

Senator Olson: It should not take long. Can you come back with it tomorrow?

TIMING OF AID TO WESTERN FARMERS

Hon. Joyce Fairbairn: I have a supplementary to Senator Olson's questions. The farmers are interested in timing. Can the Government Leader in the Senate tell us whether or not this money will be made available directly to the farmers in western Canada before the end of this year, rather than, as is feared, just before seeding time in the spring?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think I dealt with that matter when the Honourable Senator Fairbairn last raised it; that is, in the course of debate on Friday, October 11th. What I said was that the $800 million would be flowing to farmers before seeding time next spring.

Do I understand that the honourable senator is asking for a further undertaking at this point?

Senator Fairbairn: Yes, indeed. The question that arose at that time, in the words of the Leader of the Government, was a commitment by the Minister of Agriculture to have the money available to the farmers before seeding time. There has been considerable discussion with farm leaders and farmers in western Canada, and the concensus is that that is not realistic or acceptable to them when there are methods of disbursement which would get that money to them before the end of the year. Next spring is too late for people who are barely hanging on.

[Senator Olson.]

Senator Murray: Honourable senators, my friend is talking about the $800 million in the special package announced by Mr. McKnight. I think I should repeat that I pointed out on October 11th, that there is also $1.5 billion which willbe going out between now and the end of this calendar year to farmers, plus another billion dollars in the first six months of the calendar year, 1992. This total of $2.5 billion is going out under GRIP and NISA.

[*Translation*]

NEW BRUNSWICK

OFFICIAL LANGUAGES—GOVERNMENT POLICY

Senator Simard: Honourable senators, first I I want to apologize for not having given notice to the Leader of the Government in the Senate, but my question deals with something that he knows well. Before asking my question, I would also like to tell the Leader of the Government in the Senate that whether it is old money or new funds we, in the Maritimes, are always happy to hear statements that give us hope and that make things easier in the Atlantic region. One such announcement was made by your colleagues, the honourable Mr. Valcourt and Mr. Crosbie, some ten days ago, to the effect that $35 million would be given to workers who were a few weeks short to qualify for unemployment insurance benefits.

My question, as you probably know, has to do with the numerous requests made by the Acadians of New Brunswick, who would like to see enshrined in the Canadian Constitution the legislation recognizing the two official linguistic communities of New Brunswick.

Since June, there has been a provincial election in New Brunswick. On that occasion, a political party devoted to the elimination of all forms of generous, open and beneficial policies as regards official languages, namely the Confederation of Regional Party, got eight of its members elected. This situation creates problems for all those who, in the last 20 years, have praised the Official Languages Act, in New Brunswick and in Canada, and who have benefited from it.

The legislation recognizing the two official linguistic communities goes beyond the notion of institutional bilingualism, since it truly recognizes those two communities and it also promotes the establishment of institutions that genuinely and properly belong to these two communities in New Brunswick.

The Premier of New Brunswick asked us to wait until after the provincial election to discuss the matter. Now he doesn't want us to wait until the constitutional talks begin. He wants us to wait until the Constitution has been renewed. Frankly, honourable senators, I think this is unacceptable on the part of Mr. McKenna.

I received a letter from the Minister responsible for Constitutional Affairs, Mr. Joe Clark, advising me he was supposed to meet Mrs. Landry after the election to discuss the matter.

The letter was written in early September. However, Mrs. Landry's career was cut short by the people of Shippegan-les-Isles, and I suspect that one of the reasons why they did not want Mrs. Landry back was her well publicized reluctance to defend this issue and represent the genuine interests of Acadians. Mrs. Landry's reluctance and her defeat at the polls were a signal to Mr. McKenna.

My question is this: Although your colleague, Mr. Clark, had other plans, is the federal government, considering these recent statements by Mr. McKenna, prepared to announce that all negotiations or meetings on the subject will be made public, so that the people of New Brunswick will really know what is going on, and so that we know what the federal government's position is on this matter and what the federal government intends to do to bring Mr. McKenna to the negotiating table and make him change his position? I hope this will not happen exclusively during private meetings.

Senator Robichaud, who was and is a defender of the Acadian cause—in fact, he will be honoured some time during the next few weeks for his role in promoting the status of Acadians—Senator Robichaud should set aside partisanship, just for a while. Senator Robichaud, I hope I can count on you, just as you could count on Mr. Richard Hatfield, and the entire Tory caucus when it was time to ratify the Official Language Act in New Brunswick. Please help us persuade your Liberal Premier in New Brunswick to guarantee he will do everything in his power to entrench every single clause of Bill 88, and not just vague principles of acknowledgement.

[*English*]

● (1510)

POINT OF ORDER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on a point of order I wish to remark what a shame it is that Senator Perrault was not here today to hear first hand from Senator Simard, who so frequently objects to lengthy questions. It is indeed a shame that he was not here to get a lesson from Senator Simard on how to ask a short, pithy and precise question.

Hon. Noel A. Kinsella: Honourable senators, I wish to rise on a point of order. In so doing I draw the attention of all honourable senators to rule 26, which clearly states that a preamble to a question, whether it is asked orally or in writing, is out of order.

As much of the matter that gave rise to my rising on a point of order was raised by a distinguished colleague from my province, which drew the attention of another honourable colleague from my province, I thought it would be appropriate that a senator from New Brunswick raise this point of order.

Senator Olson: You have ten minutes.

Senator Gigantès: Thirteen minutes; I timed you.

[*Translation*]

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, as for the former Minister of Intergovernmental Affairs and Deputy Premier of New Brunswick, I must say that all my dealings with her were always very friendly and constructive. I even took the opportunity provided by her defeat in the provincial election to write a letter thanking her for her cooperation in all my contacts with her in my capacity as a federal minister for interprovincial affairs.

That being said, I understand very well the position taken by my friend Senator Simard as an Acadian. I must say that any initiative along the lines that he advocates, namely entrenching the law recognizing the two language communities in New Brunswick, must come from the government of that province. The position of the federal government has not changed, we are prepared to cooperate with New Brunswick and I believe that the present constitutional round gives us all a golden opportunity to discuss this issue and move it forward.

[*English*]

NATIONAL FINANCE

BANK OF CANADA—OBJECTIVES OF MONETARY POLICY—PRESERVATION OF PRICE STABILITY

Hon. Douglas D. Everett: Honourable senators, I have a question for the Leader of the Government in the Senate. It is a well-known objective of monetary policy that it should concern itself with economic growth, the level of exchange rate and employment levels, as well as the objective of price stability. Yet when I read the constitutional proposals I note that it is the intention of the government to amend the Bank of Canada Act so that the mandate of the Bank of Canada will be to preserve price stability.

Does this mean that the Bank of Canada is to turn its back on these other objectives of monetary policy, which are economic growth, exchange rate levels and employment levels?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer to that question is no. But I am sure that the honourable senator would want to have a more elaborate explanation of the position of the government on this matter, which I shall obtain from the Minister of Finance and table herewith in a few days.

EDUCATION

IMPLEMENTATION OF GOVERNMENT COMMITMENT TO IMPROVE LEARNING ENVIRONMENT

Hon. Richard J. Stanbury: Honourable senators, in the Speech from the Throne last May I was delighted to hear the government committing itself to stronger education and job-training efforts in Canada. I have been anxiously awaiting news of the implementation of that commitment.

The speech said that Canada's ability to prosper in a global economy will be determined by the level of Canadians' educational achievement, by the sophistication of our management skills and by our attitudes to work and change. The government promised to cut illiteracy in half; ensure a 90 percent graduation rate from high school; increase the number of

maths, science and engineering university graduates, as well as dramatically increase the training provided to employees in Canada.

My question to the government leader is as to any specific progress in fulfilling this promise. There are about two or three parts to my question, but I wish to complete it.

Senator Phillips: Be pithy!

Senator Stanbury: It is pithy. I understand—and I am pleased to hear this—that a discussion paper on learning will be published in June. But I hope that the honourable Leader of the Government in the Senate could give senators details about the government's specific plans and time table, for example, when the discussion paper is to be released; what will be done with it after it is printed; and what actual initiatives has the government undertaken since the Speech from the Throne to begin to satisfy its specific commitments made toward improving the learning environment in Canada.

Hon. Lowell Murray (Leader of the Government): Honourable senators, my honourable friend will not have long to wait. The discussion paper in question will be released quite soon.

The honourable senator will be aware that for some months now we have been conducting preconsultations with various parties, including provinces, the labour movement, business and others on the shape of a process that we hope will lead to a consensus in this country not only on objectives in the field of learning but also to improve our competitiveness as a country and the relationship between the two—that is, learning and competitiveness. Ministers Wilson and Valcourt, the ministers directly responsible, have been engaged in this task for some months now. My friend can expect further announcements shortly.

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform you that the time period for Question Period has elapsed.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I wish to table three delayed responses to questions. The first was raised on June 18, 1991, by the Honourable Lorna Marsden regarding the Budget, 1991—Cuts to Grants and Contributions. There is also one on September 17, 1991, by the Honourable John B. Stewart regarding Canadian National Railways—Possible Closure of Line between Truro and North Sydney, Nova Scotia. The third one was raised on September 24 by the Honourable Lorne Bonnell regarding Justice—Jurisdiction for Payment of Legal Aid Fees—Government Policy.

THE BUDGET, 1991

CUTS TO GRANTS AND CONTRIBUTIONS—COMPOSITION OF REVIEW COMMITTEE

(Response to question raised by Hon. Lorna Marsden on June 18, 1991)

[Senator Stanbury.]

The $75 million cut in Grants and Contributions for this Fiscal Year is now accounted for. Treasury Board will be responsible for controlling the commitments of individual ministers and for completing the process with respect to the $125 million in each of the following four years.

One of the goals of this exercise was to find a better way of dealing with Grants and Contributions in the future—to increase government accountability; to develop more specific criteria; to reduce financial reliance on government for sustaining outside bureaucracies; to increase match funding and promote fundraising; to reduce duplication; and to be more careful in terms of jurisdiction (between federal, provincial and municipal governments) so that taxpayers do not end up footing 100% of the program. The Honourable Harvie Andre hopes to be putting forward recommendations for approval.

In receiving the commitments of ministers, it was agreed that they would be responsible for executing the decisions and in turn, communicating them to client groups. Ministers want to make their own decisions as to how the reductions will be carried out.

CANADIAN NATIONAL RAILWAYS

POSSIBLE CLOSURE OF LINE BETWEEN TRURO AND NORTH SYDNEY, NOVA SCOTIA

(Response to question raised by Hon. John B. Stewart on September 17, 1991)

CN is not abandoning the line between Truro and North Sydney.

CN is advertising for interested bidders for the line to be operated as a short line railway. All *bona fide* offers will be evaluated to determine the best potential operator to ensure the long-term viability of the line.

In order to be successful, a bidder will have to assure CN that it has the necessary financial backing and experience and background in the railroad industry.

Since CN continues to interchange a large majority of the traffic on the line, it is in CN's interest that the continued viability and operation of the line be assured.

JUSTICE

JURISDICTION FOR PAYMENT OF LEGAL AID FEES—GOVERNMENT POLICY

(Response to question raised by Hon. Lorne Bonnell on September 24, 1991)

Officials from the Department of Justice are presently reviewing the funding of the defence counsel for Sadler and Revel.

The Department of Justice, under federal-provincial cost-sharing arrangements, contributes to the costs of the

provision of legal aid for eligible persons charged with serious criminal offences, in every jurisdiction in Canada.

As part of the government's Expenditure Control Plan, federal funding of legal aid has been limited to the 1989-90 level for fiscal years 1990-91 and 1991-92. For fiscal year 1991-92, the Government of Canada, will be contributing approximately 79% of Prince Edward Island's costs which in actual dollars is $217,000.

• (1520)

FOREIGN AFFAIRS

SRI LANKA—POSSIBLE IMPEACHMENT OF PRESIDENT—HUMAN RIGHTS ABUSES—EFFECTS OF CIVIL WAR—ECONOMIC AID AND DEVELOPMENT—CANADIAN ROLE—REQUEST FOR ANSWER

Hon. Lorna Marsden: Honourable senators, may I ask a question of the Leader of the Government concerning delayed answers. I have not received an answer to a most recent question on Sri Lanka. Amnesty International today has reported yet more violations. The minister's office does not seem to be answering letters. I wonder if I can anticipate receiving an answer to my question soon.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have a note that the honourable senator's question, first asked on September 24, has not yet been answered. We sent a further inquiry forward on October 17, which, I trust, will prone more fruitful and elicit an answer soon.

NEWFOUNDLAND

GOVERNMENT CONTRIBUTIONS TO MARBLE MOUNTAIN AREA—REQUEST FOR CLARIFICATION OF ANSWER

Hon. Jack Marshall: Honourable senators, I wonder if I could ask the deputy leader a question. It has to do with a question I placed on the Order Paper on May 28, 1991. The question begins by showing the time required to prepare this answer, 9 hours, and the approximate cost, $162. What is the purpose of those statistics?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I take it that in the other place, as well as here, the government is tabling with the replies to written questions the time and the cost involved in answering the questions. This is an innovation that the government has undertaken in the House of Commons, and apparently intends to apply to all written questions.

Senator Marshall: Honourable senators, I have a supplementary question. As I indicated, the question was answered on May 28, 1991. It gives me a list of moneys provided on a federal-provincial basis to a certain ski resort in the Marble Mountain area on the west coast, outside Cornerbrook, Newfoundland. After nine hours and a cost of $162 they do not even know what I was asking for.

Senator Gigantès: They don't?

Senator Marshall: A press release put out prior to the response to that question by the Honourable John Crosbie states that there was a three-year marketing initiative for Marble Mountain at a cost of $796,000. That is not even included in the answer. So if someone has taken nine hours at a cost of $162 to answer a question that is inaccurate, I think the matter should be investigated. I wonder if the deputy leader would respond to the question and will look into the enormous cost and why the answer is so incomplete.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I will certainly look into the policy of the govenment regarding the costing of questions and verify the answer as to its incompleteness and report back.

AN ACT TO PROVIDE FOR THE APPOINTMENT OF A PORT WARDEN FOR THE HARBOUR OF QUEBEC AN ACT TO AMEND AND CONSOLIDATE THE ACTS RELATING TO THE OFFICE OF PORT WARDEN FOR THE HARBOUR OF MONTREAL

BILL TO AMEND—THIRD READING

Hon. Orville H. Phillips moved the third reading of Bill C-14, to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal, and to validate certain fees and charges established pursuant thereto.

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

Hon. Senators: Agreed.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division.

Motion agreed to and bill read third time and passed, on division.

FOREIGN MISSIONS AND INTERNATIONAL ORGANIZATION BILL

SECOND READING

Hon. Norman K. Atkins moved the second reading of Bill C-27, respecting the privileges and immunities of foreign missions and international organizations.

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

Hon. Eymard G. Corbin: Explain.

Senator Atkins: Honourable senators, I am pleased to propose second reading of Bill C-27, respecting the privileges and immunities of foreign missions and international organizations. This bill is sponsored by the Secretary of State for External Affairs and received second and third reading in the House of Commons on October 4, 1991, having been approved by the

Committee of the Whole following approximately half an hour of discussion.

As the title indicates, the bill deals with the privileges and immunities in Canada of foreign, diplomatic and consular missions and of international organizations. Presently these issues are dealt with in two statutes, the Diplomatic and Consular Privileges and Immunities Act and the Privileges and Immunities (International Organizations) Act. It is the purpose of this bill to combine and update these two existing pieces of legislation dealing with privileges and immunities. In addition, it will strengthen the Canadian government's efforts to obtain favourable treatment for overseas offices of Canada's provinces. It will do this by permitting, for the first time, the granting of privileges and immunities to the offices of subunits of foreign states which offer equivalent treatment to the offices of Canadian provinces abroad.

Canada is required by international law to grant what we call privileges and immunities—certain exemptions from Canadian laws—to foreign embassies and consulates and to diplomatic and consular agencies. This is the subject of the first part of the bill. Perhaps one of the oldest and most basic principles of international law is the inviolability of the diplomatic representative. In modern times the special legal status of diplomatic and consular missions has been codified in the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations.

Canada, along with the vast majority of nations, is a party to these conventions. The special legal status of a diplomat is not simply some convenient prerequisite of the job. As stated in the preamble to the Vienna Convention on Diplomatic Relations: "The purpose of such privileges and immunities is not to benefit individuals but to ensure the efficient performance of the functions of diplomatic missions."

At present, the articles of the two Vienna Conventions that relate directly to the legal status of foreign missions and their personnel are given the force of law in Canada by the Diplomatic and Consular Privileges and Immunities Act. The new act would continue to grant the force of law to these articles. It would also provide for more flexibility in the treatment of foreign embassies and consulates.

Exactly how this Part would increase flexibility requires a brief explanation of the Vienna Convention on Diplomatic and Consular Relations. Most honourable senators will be familiar with the immunities of a full diplomatic agent, an individual who is not subject to the jurisdiction of domestic courts in either civil or criminal matters.

● (1530)

Less familiar to many people is the fact that every diplomatic mission will contain other individuals who are entitled only to limited immunity.

The Vienna Convention on Diplomatic Relations creates a hierarchy of privileges and immunities. At the top are diplomatic agents, with full immunities; beneath them are administrative, technical and services staff—secretaries, clerks, technicians, guards—who have much lower levels of privileges and immunities. As well, it comes as a surprise to many people that a consular agent, as defined in the Vienna Convention on Consular Relations, is entitled to a very limited level of privileges and immunities when compared to a diplomat. A consul has immunities from Canadian law only in respect to acts performed in the exercise of official functions. A consular agent cannot be sued for refusing to issue a visa, but if he is out for a drive on the weekend and causes an accident, he can be sued, charged, arrested and even imprisoned. It is up to a Canadian court to decide what is or is not an exercise of an official function.

Within the framework provided by the two Vienna Conventions the treatment of foreign diplomatic and consular missions is governed by the principle of reciprocity. This is not a particularly sophisticated principle, that is tit for tat, but it is the mechanism that ensures that the obligations undertaken in the Vienna Conventions are fulfilled. The Vienna Conventions specifically permit a country such as Canada to treat another country's representative here in an unfavourable fashion in retaliation for that country's unfavourable treatment of Canada's representatives abroad. However, the Vienna Conventions also contemplate that, if a country's missions abroad are offered especially favourable treatment, that country can agree to reciprocate that favourable treatment.

Under the terms of the existing act, Canada's ability to exercise the reciprocity permitted under the Vienna Conventions is limited. Canada can react negatively to unfavourable treatment abroad, but cannot respond to offers of more favourable treatment abroad by granting more favourable treatment to those members of foreign missions—consuls, administrative and technical staff—who do not have full immunity. This has resulted in limitations of Canada's options in pursuing its foreign interests as well as in lost opportunities to save Canadian tax dollars.

For example, there may be times when Canada wishes to establish a consular mission in a foreign country, but, given the nature of that country's judicial or police system, is unwilling to establish a mission with only the limited level of immunity established by the Vienna Convention on Consular Relations. Other countries such as the United States and the United Kingdom, when faced with similar concerns, have entered into treaties with such states agreeing, on a reciprocal basis, to the granting of additional privileges and immunities for their consulates. Under the existing act, Canada cannot enter into such agreements.

Another example of the limitations of the existing legislation arose when Canada was constructing its new embassy in Washington. At the time, the United States was interested in entering into an agreement with Canada which would have resulted in the administrative and technical staff in the American Embassy in Ottawa, and in the Canadian Embassy in Washington, receiving a higher level of privileges and immunities than that specified for such staff in the Vienna Convention. As part of the agreement, the American government was willing to offer a duty exemption on material imported into the United States for the construction of the new embassy in

Washington. Such an exception would have reduced the cost of the construction of the Canadian Embassy in Washington by more than $1 million. Because of the limitations of the existing legislation, Canada could not enter into such an agreement. The new act will increase Canada's flexibility in administering the application of the principle of reciprocity to foreign diplomats in Canada.

International law also grants a special status to international organizations. Membership in organizations such as the United Nations carries with it the obligation to grant those organizations and their officers certain privileges and immunities. Without legislation permitting the granting of such privileges and immunities, Canada could not be a member of those organizations. Nor could we act as host country for such organizations as the ICAO, the International Civil Aviation Organization in Montreal, or the Commonwealth of Learning in Vancouver.

At present such organizations are granted privileges and immunities by Order In Council under the Privileges and Immunities (International Organizations) Act. The level of treatment which Canada can grant international organizations has not changed since the predecessor to that act, the Privileges and Immunities (United Nations) Act, was passed in 1947. But international standards of treatment for such organizations have changed significantly, and the restrictions of the existing legislation have created difficulties for Canada's relations with international organizations, including the largest international organization with headquarters in Canada, that of the ICAO.

The ICAO and its member states have for years expressed the view that the existing Headquarters Agreement with Canada, concluded in 1951, is outdated and unsuited to the modern needs of the organization. In 1951, for example, it was anticipated that the representatives of ICAO member states would only be in Canada for short periods each year. The practice of the organization has developed over the years, and today in Montreal there are 33 permanent missions to ICAO resident year round. As well, ICAO has pointed out the anomaly that ICAO's regional offices in cities such as Paris and Mexico City now receive higher levels of privileges and immunities that ICAO's headquarters in Montreal.

Responding to such concerns, Canada negotiated a new Headquarters Agreement with ICAO last year, but it cannot yet enter into force. This new legislation will permit the implementation of this new Headquarters Agreement with ICAO, thus removing irritants which over the past decade have detracted from Canada's valued relationship with that organization and assuring ICAO's continuing presence in Canada.

However, the area of interest is broader than just ICAO. Canada is committed to a multilateral approach in dealing with international issues and we pursue this objective through such international organizations as the United Nations, the CSCE, which is the Committee for Security and Cooperation in Europe, and the OAS, the Organization of American States, and others. One way in which we can enhance our role in such organizations is by working to encourage them to establish offices, or preferably headquarters, in Canada. With modern legislation, Canada can pursue more vigorously its policy of working to attract the offices of international organizations to this country.

Apart from the foreign policy reasons for such efforts, there are significant economic benefits that such offices bring with them. The hundreds of jobs and tens of millions of dollars that ICAO brings to Montreal is the most obvious example.

• (1540)

On a much smaller scale, the North Atlantic Fisheries Organization in Halifax and the Commonwealth of Learning in Vancouver also provide a welcome contribution to the local economy. Other countries have interests in such organizations similar to those of Canada, and compete vigorously to attract them. This new legislation will ensure that Canada can compete on an equal basis with other states in these efforts.

While the first two parts of the bill revise existing legislation, Part III is completely new. This part would allow Canada to grant limited privileges and immunities, equivalent to those granted to consulates, to the offices of a sub-unit of a foreign state, such as a German land, for example Bavaria, or an Australian state, for example, New South Wales.

Honourable senators, there is not a single Canadian province which does not maintain representatives abroad. There are 57 independent provincial offices overseas, a figure which does not include provincial tourism offices, nor provincial offices attached to Canadian diplomatic or consular missions. As a rule, there is a close and cooperative working relationship between Canada's diplomatic missions and these provincial offices, and Canada makes every efforts to assist them in furthering provincial interests.

For many years, when asked to do so by the provinces, Canada has requested foreign states to grant privileges and immunities to provincial offices in these states. Sometimes such requests are refused, but a number of countries have agreed to grant such special treatment to Canadian provincial offices.

Honourable senators, Canada asks this of other countries, yet, were the shoe on the other foot, we could not accede to such a request. We have always been conscious, when seeking such treatment on behalf of the provinces that we had no legal basis to reciprocate. With this bill, the government will be able to grant in Canada the status that it seeks for Canadian provincial offices abroad.

I should note that the bill limits the privileges and immunities that can be granted to such an office to the restricted level which is specified for a consular mission in the Vienna Convention on Consular Relations. In particular, this legislation would permit the grant of limited privileges and immunities to an office which the government of Hong Kong intends to establish in Canada. Hong Kong, a British dependency, already grants a similar status to the provincial offices established in Hong Kong.

Honourable senators, the passage of Bill C-27, the Foreign Missions and International Organizations Act, will assist the Government of Canada in pursuing an active and effective foreign policy.

Honourable senators, I hope that this house will give Bill C-27 its full support.

Hon. Phillipe Gigantès: Honourable senators, I have listened with interest to what my honourable friend opposite has had to say. I have read the bill, and I have looked into these issues. This is a bill which is necessary. It contains various tools which are not now available and which should now be made available to the government.

However, I have some reservations with respect to definitions and wording, which would best be debated in committee. Therefore, I think this bill should go to committee for a study of its language. Otherwise, there is no doubt that we are on the right road with this type of bill. I support the principles of the bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Atkins, bill referred to the Standing Senate Committee on Foreign Affairs.

AGRICULTURAL PRODUCTS MARKETING ACT

BILL TO AMEND—ORDER STANDS

On the Order:

Second reading of Bill C-16, an Act to amend the Agricultural Products Marketing Act and to provide for other matters in relation thereto.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as agreed with the Deputy Leader of the Opposition, we would like to hold over until tomorrow the debate on second reading of Bill C-16 because one of the key participants is unavoidably absent.

Order stands.

CANADIAN WHEAT BOARD ACT

BILL TO AMEND—SECOND READING

Hon. James W. Ross moved the second reading of Bill C-23, to amend the Canadian Wheat Board Act.

He said: Mr. Speaker, I rise today to lend support to Bill C-23. This bill to amend the Canadian Wheat Board Act involves two technical amendments—housekeeping measures, if you will. It means that the Board will continue to operate in exactly the same way in which it has for more than 50 years. This bill has been thoroughly debated in the other place, but if honourable senators will permit, I would like to present a little background and then some specifics on the bill.

[Senator Atkins.]

The Canadian Wheat Board is a Crown agency that over the years has become a vital institution for our grain producers. While there are certainly other wheat boards operating in the world, the Canadian Wheat Board is one of the best known and respected. Over the last 50 years, it has earned a well-deserved reputation for being able to deliver promptly on any contract it signs.

As the sole marketer of western Canadian-produced wheat and barley, the Canadian Wheat Board plays an important role in the lives of this country's grain producers. It has helped ensure that Canada maintains its place as one of the world's leading exporters of high quality wheat and barley. At the same time, it ensures Canada farmers get the best return possible for their product.

In today's competitive marketplace, the Board's expertise and selling skills are crucial. Aggressive use of export subsidies by both the European Community and the United States has depressed prices and made the market-place fiercely competitive.

In spite of this debilitating grain subsidy trade war, the Canadian Wheat Board has managed to increase its list of customers. In 1988 and 1989, Canada sold wheat and barley to 56 countries. In 1989 and 1990, we were exporting to customers in more than 60 countries. To maintain this market edge in such a competitive world, the Canadian Wheat Board needs all of the advantages and sales tactics it can muster. The legislation before us today deals with one of those crucial advantages.

The Wheat Board uses many marketing tools to expand and enhance its markets for Canadian wheat and barley. One of the most important is the Credit Grain Sales Program. This program has served the farmers of Canada well for more than 25 years.

• (1550)

These are times of tight fiscal spending. Many countries do not have the ready currency they need to make cash purchases. The Canadian Wheat Board, with the assistance of the federal government, has been able to facilitate these sales by the extension of credit under the Credit Grain Sales Program. This program enables the board to sell grain to these countries on credit and to pay producers for these sales before the purchasing country has made total payment to the board. In the more than 25 years the program has been operating, there have been many occasions where the granting of credit has made the difference between a successful sale and a missed opportunity for Canadian grain farmers.

When the board enters into a credit sale, it borrows money to fund the transaction. These funds are used to pay the pool account and are included in initial and final payments to producers. The federal government guarantees the loans to finance these credit sales if the Wheat Board concurs. If the principal and interest owing on a credit sale cannot be recovered from the purchasing country, the federal government would, under its guarantee, provide the funds to repay the board's loans so that the farmers are never at risk of not being paid for grain sold on credit.

The federal government's guarantee of credit sales is an arrangement that has worked well for many years. However, these arrangements have never been spelled out in the Canadian Wheat Board Act itself. The Auditor-General voiced concerns that the government did not have the proper parliamentary authority necessary to guarantee the repayment of the Canadian Wheat Board's accounts receivable for grain sold to countries on credit. If passed, Bill C-23 will provide parliamentary authority for the federal government guarantee by including it in the Canadian Wheat Board Act.

Extending credit to another country for grain sales is not something the federal government enters into lightly. The government must carefully balance the interests of the Canadian taxpayers, on whose behalf the government guarantees the credit sales, the grain producers, the agri-food economy, and the Canadian economy as a whole. All of these groups benefit from the economic impact of increased grain sales. When such sales are undertaken with the proper amount of caution and fiscal responsibility, they serve to strengthen the long-term stability of the entire agri-food sector.

This change to the Canadian Wheat Board Act will in no way affect the board's relationship with producers. It will not change the board's current operating and payment procedures. Producers will continue to receive payments in the same way as they always have. There will be no changes to the federal government's procedures or relationship with the board's operations. The federal government's guarantee for credit grain sales will continue as before. In short, nothing in this legislation will change how the board makes sales, conducts its operations, works with the federal government, or deals with export customers or producers.

What Bill C-23 will do is provide improved parliamentary authority for the Canadian Wheat Board to operate on the world marketplace. In today's tight fiscal environment, credit sales are a fact of life. We must not hamper the efforts of the board as it works to win the best economic returns possible for Canada's grain producers.

The second amendment, also prompted by concerns raised by the Auditor-General, will provide the proper parliamentary authority for the board to close pool accounts under the pooling or averaging system. One of the main principles under which the board operates is that it use this pooling system. By way of explanation, whether a producer sells at the beginning of the crop year, which runs from August to July of the following year, or at the end, they will receive the same price they would have if they had sold at any other time during the year. This is done by use of the pooling or averaging system.

When producers sell grain to an elevator, they receive an initial payment. The Wheat Board sells that product throughout the crop year for a variety of prices. At the end of the 12-month period, it arrives at an average price. As long as the average price throughout the 12-month period in which the producer has sold is higher than the initial payment, the producer will receive the balance in the final payment. Final payments are usually available soon after the end of the crop year.

The second amendment will simply provide proper parliamentary authority to allow the board to make these final payments prior to receiving payments in full from the purchasing country when grain is sold on credit.

To summarize, this bill will provide better parliamentary authority for the government to issue a guarantee of wheat payment to the Canadian Wheat Board for credit grain sales to international customers. Secondly, once these sales are made, this bill will provide better parliamentary authority for the Canadian Wheat Board to distribute funds to producers once sales on credit have been concluded. Again, this amendment will in no way alter the way the board conducts business with the federal government, its international customers or grain producers in Canada. The bill simply responds to concerns raised by the Auditor-General.

Bill C-23 will clearly demonstrate to producers and to Canada's grain customers the commitment of the government to the Canadian Wheat Board and its ongoing efforts to market Canadian grain around the world.

Hon. H.A. Olson: Honourable senators, I want to respond, albeit briefly, to the comments of Senator Ross respecting Bill C-23. I do so firstly by complimenting Senator Ross for what is, in my opinion, a clear and adequate explanation of what Bill C-23 is required to do.

Senator Frith: Terrific for a Maritimer.

Senator Olson: Yes. Very well done. He points exactly and accurately to the technical requirements for Bill C-23.

However, what he failed to do is more important than what he did. That is, he did not tell us how the government and the Canadian Wheat Board got into this difficulty whereby the Auditor-General decided that they needed more legislative authority to operate the Canadian Wheat Board because of what has happened recently, in the last seven years or so. As the honourable senator points out in his remarks, the Canadian Wheat Board will continue to operate exactly as it has in the past, and the relationship between the Canadian Wheat Board, the government and the financing institutions will be the same.

All the Auditor-General is asking is that there be additional parliamentary approval for what the government or the cabinet has been doing in authorizing certain guarantees to the Canadian Wheat Board from time to time. None of the already stated arrangements will change. This bill will simply give some technical or legislative authority from Parliament to the government to make those decisions.

Why do we find onrselves in this situation? We got there, of course, mostly because of the mismanagement of this government. They have whatever excuses they have, and they always have some excuse that something is someone else's fault. But the Canadian Wheat Board is in more financial difficulty today than it ever has been in history. I think that the sponsor of this bill should bring in that information too, so that we know whatthat amount is. Three and a half billion dollars, perhaps. I don't know. Perhaps it is $4.5 billion.

I did do a little research, or asked some people to help me do a little research on this matter. From the figures that I have

been able to find, the Canadian Wheat Board has somewhere between $3.5 billion and $4.5 billion coming from various customers around the world. The Government of Canada has been the guarantor of those bills. Except for the amount, there is nothing new. That is the way it has been in the past. I remember being involved in all kinds of discussions on this matter. When an opportunity became available to make a significant sale of wheat to some customer and we needed a little time, the matter was referred by the Canadian Wheat Board to the cabinet of the Government of Canada. Usually, authority was given by the government to the Canadian Wheat Board to proceed with the sale, and they would provide the guarantee for the financing that was necessary.

• (1600)

A great deal of that kind of action was needed in making sales to China and to the Soviet Union. Until very recently both of those countries purchased massive quantities of grains—millions and millions of tonnes. Until very recently I do not think there was ever a default on any of those loans. There might have been recently because of the turmoil that is now going on in the Soviet Union. But as long as I was involved, which is not since 1984, and even after that, I think that both of the very largest customers, those being mainland China and the Soviet Union, always paid all of their accounts on time, and very often ahead of time. There were some problems, of course, with some other countries. Poland was one that required extended terms or restructuring from time to time to enable us to continue making sales. I had no objection to that, either. I thought at the time that it was the right thing to do.

There is a desperate situation in the grain industry as far as the producers are concerned. The prices are so low that grain producers in western Canada cannot break even on operating account anymore. Even if we set aside all the other capital costs and overheads, just on their operating account—fuel, machinery repairs and depreciation—farmers cannot break even on what they are being paid for wheat today.

It is easy for the Minister of Agriculture and the Minister responsible for Grains and Oilseeds to say that the problem is that Europe and the United States are giving export enhancement subsidies. Honourable senators, we know that, and that probably exacerbates the whole situation, but I believe very sincerely that even if we were able to persuade Europe and the United States to discontinue the export enhancement subsidies, the problem would not go away. I say that because a profound change has taken place in agriculture in many parts of the world, not only in North America. North America leads the world in developing new techniques and technology. Mechanization is very important in this respect, but it is not the only thing that is important. There are new varieties and other technologies in producing great amounts of wheat, particularly, that were not known and are still not known insofar as mass production is concerned in many other parts of the world.

However, one thing has changed dramatically very recently, and that is that western Europe is now applying these mass production technologies. There has been a tremendous change. Call it modernization if you like, but it is a change in the method of producing grain in western Europe, in France in particular. There are now large fields that are mechanized where they are producing grain. That was not so 25 years ago.

The most outstanding example is probably the United Kingdom. The United Kingdom used to be our best customer for wheat, or at least one of our best customers. In the last 12 to 15 months the United Kingdom has exported 4 million tonnes of wheat. It is not just that they are not customers anymore; they are, in fact, competitors.

Senator Frith: What do we export?

Senator Olson: We probably export 20 or 21 million tonnes.

Senator Frith: Of wheat?

Senator Olson: Of wheat, yes.

Senator Frith: The U.K. is now exporting 20 per cent of what we do?

Senator Olson: They are now an exporter of wheat.

Senator Frith: But of about 20 per cent of what we export?

Senator Olson: Approximately, and that is a very small country. But they have changed. There are great areas now where wheat and other cereal grains are being produced in the United Kingdom, and more particularly in Europe. One of the things we had better understand about this situation is that even if we change the basis on which export subsidies are paid, or indeed if we withdraw them altogether, that surplus of wheat will not to go away. They are producing it and they do not have the same capacity as we have in North America for storing a crop of wheat, so they have to get rid of it. They use whatever they need in the process for their food supply for western Europe, and they have to sell the rest.

Honourable senators, let us not be fooled by this. The Europeans pay export subsidies now because it is a convenient way of moving grain out. However, if they were to agree to withdraw all of their subsidies, they would still be under the pressure of having to get rid of several million tonnes of grain because they have no place to store it, and if they did not need it in their food chain until the next crop was coming along, they would simply lower the price and sell it anyway. We understand that.

That is why I think the time is long past when the government can come before Parliament, and particularly before the Canadian farmers in western Canada, and say that the fault is due to these export enhancement subsidies. Why does the government not at least level with the people and say that there has been a significant change in the way grain is produced in western Europe and that we have to wake up to that fact and deal with it?

In many places in western Canada—Saskatchewan being the outstanding example, but also including places in Alberta and Manitoba—there is no alternative to producing cereal grains; at least there is none known today. The government should recognize these facts.

I hardly know what to say other than that the system has simply been mismanaged by the government. That is why we are in this situation. With this bill we patch up one thing such as the Canadian Wheat Board Act now. However, as I have said, it deals only with the technicality that we need more parliamentary authority to do exactly what you have been doing hitherto. It also shows that there is a tremendous debt building up that the government is obliged to pay because it made the guarantees. It is a further manifestation of the kind of mess that the government has brought the economy into. In the Atlantic areas they have the same problems with fish. You can go to other places and find the same problem with the timber industry. Everything they touched has turned to—

Senator Simard: Oh, oh.

Senator Olson: Senator Simard has lots to say, but he cannot say with any clarity that the government has managed anything well. Everything has turned to ashes and sackcloth.

As I said at the outset, I want to compliment Senator Ross for bringing in a fairly clear, concise statement of what needs to be done in amending the Canadian Wheat Board Act. However, when he comes to committee with this bill and returns here to the chamber on third reading, I hope that he will give us some indication of what this government intends to do to change some of the basic fundamentals that led us to this problem where the Canadians Wheat Board has $3 billion or $4 billion outstanding under federal government guarantees for sales we have had to make in this competitive market.

Perhaps while he is doing that, he might also ask his colleagues, Mr. Mayer, the Minister responsible for Grains and Oilseeds, or Mr. McKnight, the Minister of Agriculture, what they intend to do and what kind of success they expect to have in trying to change the basic underlying causes of why we got into this mess in the first place.

• (1610)

It is no longer good enough to come here and say it is all someone else's fault. That does not help the poor farmer who cannot pay his fuel and grocery bills. The farming community expects the government to take action that will lead to beneficial results. The reason is very simple: That is what the farmers expected before this government was elected, and those were usually the results they got.

However, they no longer get those results. The situation gets progressively more desperate from year to year. Anyone who has been around the grain sector recently will know that the industry has hit its lowest point in the history of Canada. There has never been a time in this century when the price of grain relative to other costs has been so low. Even in the last depression when people talked about the terrible prices of 30 and 35 cents a bushel for wheat relative to other costs, it was better then than it is now.

Today, it takes over 50,000 bushels of wheat to buy one medium-sized combine. We did not, in the past, have that pricing problem where it was so expensive; where it took so many bushels of wheat to pay for the cost inputs that farmers had.

I hope the sponsor of this bill will come back with an explanation as to what this government intends to do about the problems in the agricultural sector. It is not good enough to say, "Well, it is the Europeans who all of a sudden have appeared on the international market scene as a seller, and they do not play fair. They use their treasury as an export enhancement program, and that is not proper." It is not good enough to say, "Well, it is the terrible United States, and they are matching what Europe does." The poor Canadian Wheat Board must then compete with them.

Do you think this is the first time in history we have had problems like this? I can tell you right now that it is not. What the Canadian government and its officials used to do is travel around the world negotiating in good faith, and they got results.

Opposition members such as myself are not in possession of all the details of the negotiations taking place from time to time, so we, on this side of the chamber, cannot give you a detailed blueprint of what you should do. However, I want to tell you that the farmers in western Canada will size up this government and make a decision on the basis of results. They are desperate. I hope we can get an explanation as to what the government intends to do about these fundamental problems.

The total world supply of wheat is approximately 20 percent to 22 percent of a normal full year's production. When we get down to about 20 to 22 percent of a full year's production, there ought to be price increases. Very often, the total supply of wheat in the world has been up as high as 30 percent of the total year's production. So the amount in reserve is not the problem in relation to other periods of time. The problem is the mismanagement of the international grain market in 1991 by the countries involved in that market, and Canada is one of those countries.

Our people, ministers and their assistants, have gone to Brussels and Geneva to try and work all of this out, and they have come back with no success stories at all. Each time they come back it is worse. The price goes down some more, and there are even stories in the press that the price will drop below the current depressed prices.

As I said, I have no criticism of the senator who moved bill, but he will understand that there are a few things that the farmers would like to know about how we got into this mess and what the government intends to do to try and get out of it.

What would solve the problem quickly would be an election, but I am not optimistic that that will happen. So we will have to put up with this government for a few more years.

Senator Frith: Oh, not two whole years, please. Say it isn't so.

Senator Phillips: At least.

Senator Olson: I am afraid that they will probably run out the rest of their time.

Senator Frith: Let the record show that Senator Phillips said "At least."

Senator Molgat: You are making us all afraid, now.

Senator Frith: We will have to get permission from the Security Council of the U.N. to have an election.

Senator Olson: There are a lot of farmers and grain producers who cannot wait two years. They need some answers now, and they need a government that at least shows some competence in managing what was well managed before the Conservatives came to office. They also need some indication that there will be changes.

I certainly hope that Senator Ross, the senator sponsoring this bill will come back with an explanation that will give some comfort to the people who depend on the Canadian Wheat Board, its sales, its credit arrangements and the returns it gives to the producers by trying to sell their wheat.

Some Hon. Senators: Hear, hear!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Ross, bill referred to the Standing Senate Committee on Agriculture and Forestry.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Meighen, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Third Session of the Thirty-fourth Parliament.—(*Honourable Senator Lynch-Staunton*) (8th day of resuming debate)

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, after discussion with my honourable friend the Deputy Leader of the Opposition, it has been found that there are no more speakers to this item. Therefore, I move that the question be now put.

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

Some Hon. Senators: On division.

Senator Frith: It is called flogging a dead horse, and we do not want to do that.

Motion agreed to, and the Address in reply to the Speech from the Throne adopted, on division.

On motion of the Honourable John Lynch-Staunton, ordered that the Address be engrossed and presented to His Excellency the Governor General by the Honourable the Speaker.

[Senator Molgat.]

• (1620)

NATIONAL DAY OF REMEMBRANCE BILL

SECOND READING

Hon. Mira Spivak moved the second reading of Bill C-202, respecting a national day of remembrance and action on violence against women.

She said: Honourable senators, I have the honour to present Bill C-202, An Act respecting a national day of remembrance and action on violence against women. The substance of this bill is contained in Article 2, which states simply that throughout Canada, in each and every year, the 6th day of December shall be known under the name of "National Day of Remembrance and Action on Violence Against Women".

The reasons for the bill, as stated in the preamble, are as follows:

> WHEREAS on December 6, 1989, fourteen women died as a result of a massacre at the University of Montreal;
>
> AND WHEREAS it is important to denounce violence against women;
>
> AND WHEREAS the Canadian people wish to reflect on the event in the hope of preventing further violence against women.

The bill was introduced in the House of Commons by Dawn Black, the honourable member for New Westminster-Burnaby, and seconded by Mary Clancy, the honourable member for Halifax, and by the Honourable Mary Collins, Minister Responsible for the Status of Women. I congratulate these honourable members on their initiative and hope that you will honour their wish to give this bill speedy passage so that the families of victims of violence against women in Canada, the families of those 14 innocent young women who were victims in Montreal, can look forward to this December 6 as an official commemoration of the lives of their loved ones.

It was not long ago that women were not recognized legally as persons with respect to their rights and privileges but only with respect to penalties and pain. The law now recognizes women as persons, but penalties and pains have not decreased.

As we near the anniversary of the tragic events in Montreal on December 6, 1989, it is difficult to see what has been learned since that time; what discernible improvements in attitudes have occurred, even though the issue of violence against women has reached the top of the list in the agenda of both government and the media. A cold deliberate killer who massacred 22 persons in Texas thought of women as "treacherous female vipers". The television spectacle of Anita Hill and Judge Clarence Thomas showed us that, despite all the apparently earnest striving to understand sexual harassment, certainly a form of violence against women, the mostly male senators missed chances to analyze the issues clearly—to take one example, the telegraphing of pornography, as a key issue in the discussion, and how that is linked to women's vulnerability.

Violence and the threat of violence continue to deprive many women of their ability to achieve full equality. The history of violence against women is a history of inequality. In my city, as I am sure in yours, it is increasingly less safe for a woman to walk the streets at night than it was a few years ago.

Last February, I spoke in this chamber in response to an inquiry raised by Senator Royce Frith on the issue of violence against Canadian women in Canadian society, outlining some of the dimensions of the problem. A recent issue of the Women's Legal Education and Action Fund publication, *LEAF Lines*, reinforces once more that violence against women is a fundamental equality issue; that Canadian women are regularly threatened, assaulted, harassed, mutilated and killed—often in their own homes and by people they trust. When the incidence, degree and consequences of violence against women are considered together, the extent, tolerance and deep pervasiveness of violence towards women is astounding. The magnitude of that violence is reflected in the statistics that they quote in *LEAF Lines*. I will give you just some of the statistics that arise from the many recent research studies both in Canada and abroad on this subject.

One in four women will be sexually assaulted at some time in their lifetime. The overwhelming majority of sexual assaults are committed by males against females. Most women live with the fear of being sexually assaulted. Women of all ages and physical types from every cultural, racial, religious and socio-economic background, including disabled and elderly women, are sexually assaulted. At least one in ten women is battered by her male partner. Women are seven times more likely to be assaulted by someone they know than by a stranger.

Approximately 62 percent of all women murdered in Canada are victims of domestic violence. There is a public perception that women make false allegations of sexual assault and that it is an over-reported crime. In fact, the incidence of non-reporting is extremely high. Front line rape crisis workers estimate that only one in 20 raped women report the assault. Only one percent of date rapes are reported. Of the sexual assault survivors who do not report to the police, 44 percent stated that it was because they were concerned about the attitudes of the police or courts towards this crime. According to Statistics Canada, police across the country considered 14.2 percent of the sexual assault complaints to be unfounded compared with only 6 percent for other Criminal Code offences.

Violence against women takes many forms, including sexual harassment. Approximately 90 percent of women experience sexual harassment on the job.

A key study done by Linda McLeod, a Canadian researcher in 1989, summarized the recommendations advanced by women's groups over the years, representing a holistic response to the problem of violence against women. She listed many needed programs, legal measures, and so on, but she also identified five themes that need to be addressed before the problem of violence can be attacked: safety issues, negative attitudes towards women, barriers to equality, responses to violence against women, and women's participation in developing strategies to mitigate their fear and victimization. I would add a fifth theme: the credibility of the issue. Until the continuing violence against women achieves the same status as, say, the necessity for protecting the use of certain types of guns for hunters of ducks, legislators, judges and others in positions of power cannot redress the fundamental inequality involved in this issue.

• (1630)

I wish to draw your attention once more to the title of this bill before us. It is an Act respecting a national day of remembrance and action on violence against women. How wise of the sponsors to include the word "action" in this bill, since that is what has been so sadly lacking, and how wonderful if their invitation to action should be taken up at last. This action should take the form of social change. The obstacle to full equality for women cannot be removed as long as violence against women continues to plague our society.

We in this chamber can have a direct role in such change. We need to restore a stronger rape shield law; we need to support the strongest possible gun control legislation. We could look carefully at the recommendation of the House of Commons Subcommittee on the Status of Women and lobby for its implementation. Many of these recommendations are within the federal purview. If those in high office take action the official date of remembrance and action on violence against women, to be commemorated every December 6, will be a meaningful memorial to the 14 young women who were so tragically killed in Montreal on December 6, 1989.

In closing, honourable senators, I want to express my deepest sympathy again to the families of these young women and bring their names forward again for this record. They are: Geneviève Bergeron, Hélène Colgan, Nathalie Croteau, Barbara Daigneault, Anne-Marie Edward, Maud Haviernick, Barbara Marie Klueznick, Maryse Laganiere, Maryse Leclair, Anne-Marie Lemay, Sonia Pelletier, Michèlle Richard, Annie St. Arneault, and Annie Turcotte.

Hon. Joyce Fairbairn: Honourable senators, I strongly support this private bill to declare a national day of remembrance and action on violence against women. It was first introduced in the House of Commons by a New Democrat, Dawn Black, the M.P. for New Westminster-Burnaby, and she was supported on the bill by Mary Clancy, the Liberal member for Halifax and the Honourable Mary Collins, Minister Responsible for the Status of Women. The bill received all-party approval in the House of Commons and hopefully it will receive swift passage in this chamber as well. I would like to note at this point that my colleague, Senator Lorna Marsden, who is strongly supportive of this bill, is unable to be here at this moment. She is at another important meeting but is very keen that the legislation move ahead quickly and asked me to express her strong support of it.

This bill asks us to pause, once a year on December 6, to remember an incredible and horrifying event; the machinegun massacre of 14 young women, engineering students at L'Ecole Polytechnique in Montreal. Whatever other deep problems

plagued their killer, he was by his own admission obsessed with a hatred for women and the place they were occupying in our modern society. He burst into a class, deliberately ordered the young men out of the room, and with a semi-automatic rifle and a battle cry of, "You are feminists", he began shooting his victims. Then he shot himself.

We do not wish to commemorate the name of that killer but we do wish to remember the 14 young women. As my colleague, Senator Spivak, has done, I will repeat their names: Geneviève Bergeron, Hélène Colgan, Nathalie Croteau, Barbara Daigneault, Anne Marie Edward, Maud Haviernick, Barbara Marie Klueznick, Maryse Laganiere, Maryse Leclair, Anne-Marie Lemay, Sonia Pelletier, Michèlle Richard, Annie St. Arneault, and Annie Turcotte.

This bill pulls us beyond a simple remembrance of this tragic and senseless event by demanding that we take action to prevent violence against women. This special day, therefore, will stand as a constant reminder of a reality that pulsates beneath the surface of our society daily. Mostly it is hidden, but periodically it erupts in public manifestations of abuse, violence, and death, as it did in Montreal. The reality is physical, sexual, psychological and emotional and often all four combined.

The shots which ended the dreams and the promise and the contribution of those 14 young women and brought perpetual anguish to their families and to their friends, at the very least, shocked Canadians into facing facts that go far beyond discrimination against women. One in four Canadian women is sexually assaulted in her lifetime. One in ten Canadian women is assaulted by her male partner. Sixty two per cent of women murdered in Canada are victims of domestic violence, and guns are the single most common cause of death in cases of spousal murder.

Eighty per cent of aboriginal women in Ontario have experienced violence. Eighty per cent of women incarcerated under federal jurisdiction have had a history of physical or sexual abuse, and 27,000 sexual assaults were reported to police in 1990, almost double the figure of 1984. One half of the disabled women in Canada have been sexually abused in childhood, and some 40 per cent have been raped, abused or assaulted as adults. The statistics roll on, even in terms of senior Canadians. Female victims of elder abuse outnumber males two to one. These statistics are generally believed to underestimate the reality because so much remains hidden and unreported.

Beyond this kind of violence is another type which causes different wounds and different scars, and that is the fear, the humiliation, the degradation, the sense of worthlessness that flows from words and from gestures, from harassment in the workplace, in the home, in the street, and in routine social contacts. We have just witnessed a startling spectacle in the United States Senate as the confirmation process of the newest supreme court justice, Clarence Thomas, was disrupted by allegations of past sexual harassment of a female employee. I believe that one of the most disturbing elements of this event was the reluctance of the senators on that committee to consider this matter as a serious cause for concern in the initial investigative process. That casual dismissal of its importance or its relevance symbolically unleashed a sense of anger and deep frustration among the many, many women in the United States and in Canada who at some stage of our lives and careers have experienced the distress of such attitudinal pressures.

• (1640)

Closer to home, Ottawa women began the day on October 9 with news reports that slogans urging men to rape women were painted overnight on several buildings across this city including malls, businesses and schools. Hardest hit was Carleton University where nine slogans, including one that stated "rape girls", were found on campus. In the context of the Montreal massacre and the other brutal assaults and murders of young university women in southern Ontario in recent months, this is truly a chilling reminder to students of the threat of violence in their daily lives. And, colleagues, it is hard to imagine the core of fear that these actions produce in those they victimize. It is not hypothetical. It is not paranoia. It is not an exaggeration. The evidence of the facts makes it very real for woman of all ages, urban and rural, and particularly those who are disadvantaged in some way—economically, socially or physically.

Yes, they can walk away; yes, they can fight back; yes, they can speak out to the Human Rights Commission, to the media, to the courts. But in the current atmosphere in our society, all of us must understand that their fear cannot be erased. It is an inner fear that is thrown again into stark reality as a man drives his truck into a cafeteria in Texas, pulls out two semi-automatic pistols and kills 22 people, 14 of them women, shouting out his anger at women as he shoots.

There is no question that there is much greater awareness today of the types of violence against women and even the causes of it. But the awareness does not seem to lead to a reduction of these events, or to assistance and support to help the victims escape and to help them heal. Things like shelters for battered women and assistance in getting food and support for them and their children; things like education on gender equality and prevention of violence in our schools; things like tough public censure for those who perpetuate attitudes that denigrate women and encourage others to do the same; things like legislation that would, in the strongest possible way, limit accessibility of firearms that are the major tools of domestic assault, to say nothing of public executioners; things that will alleviate poverty and ignorance, and all kinds of discrimination that breed violence.

Status of Women Minister Mary Collins is to be congratulated for the establishment of the panel on Violence against Women which will report in December of 1992. It is a very strong panel. However, we do not need to wait a year for activity, because there are already sound recommendations available from the work of a House of Commons subcommittee on the status of women; recommendations which received all-party support at that stage.

Another area of concern is the vacuum created by the recent Supreme Court decision which felled the rape shield law, and

that is something that the Minister of Justice must address with great care. I support the Minister's announcement that legislation protecting women who are affected by this decision will be prepared. I am anxious to see the legislation and would stress today that it must go far enough to protect women in the courtroom who testify in sexual assault cases. The victims must be guaranteed the right to a fair trial.

Finally, it was encouraging to see in the last few days a rather extraordinary conference in Ottawa—the first male national conference on male violence, whose participants pledged themselves to become involved in convincing others to actively oppose male violence against women. As one participant put it: "It's not a women's issue, it's just that women had to speak out because nobody else would. Men's silence is the oxygen that fuels men's violence."

I doubt that those words would have been spoken in that way or that that conference of men would have been held without the shock and awareness that has flowed from the Montreal tragedy. All of us have felt it, and I want to note in particular the response of Senator Frith in initiating an inquiry in this house soon after the events in Montreal.

There is no question in my mind that solutions and progress can only come from a cooperative effort between women and men to break down the barriers of old attitudes and unjustified fears that continue to render women far from equal, and objects of abuse. God knows, honourable senators, there are more than enough opportunities for all of us to join in trying to diminish the wrongs of our society. We clearly have a major struggle within the current generation, but surely we owe it to the young women and the young men now growing up in our system to attack the fear and the insecurity and the ignorance that breeds the hatred that promotes the violence.

This bill forces us to remember, and challenges us to act. I hope it passes quickly.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as Senator Fairbairn kindly noted, I launched an inquiry on this subject of violence against women shortly after the horrifying events that led to the formulation of this bill.

• (1650)

The bill proposes to commemorate a national day of remembrance and action on violence against women. The impetus for the initiative, of course, was the massacre of 14 women at l'École Polytechnique in Montreal on December 6—almost two years ago. The bill will provide Canadians with an opportunity to reflect upon all of the nameless, faceless, women who are killed by male violence and tend to be forgotten.

There will be a certain amount of repetition. I will be touching on a few things that have been mentioned by Senators Spivak and Fairbairn. I know that always runs the risk of people saying that they are sick of hearing about it. But that seems to be the only way to change the sickness into sickness at the happenings rather than hearing about the happenings.

This bill is a positive step toward recognition of violence against women, but it is lacking in three specific areas. I want to use this occasion to underline the need for more than what this bill does. I know that Mrs. Black, Senator Spivak, Mrs. Collins, Senator Fairbairn and others know that more has to be done in this bill. Pointing out what is missing in this bill on this occasion allows me to point out how much more needs to be done.

The bill is lacking in three specific areas. First, it does not offer a definition of violence against women. Second, it proposes to commemorate the 14 women who died in Montreal, but it does not name them. Third, it proposes to establish a national day of action on violence against women, but it does not describe what that action should entail. Senator Spivak also made a reference to that aspect of the bill.

First, in terms of violence against women and the need for definition, in order to have an open and healthy forum for discussion it is necessary that everyone agree on the definitions, or at least try to do so. In order to commemorate a national day of remembrance of violence against women, everyone should agree on what that means. What does violence against women mean?

Bill C-202 does not provide such a definition, but it at least triggers the need for such a definition and is salutary for that reason. But it would be still more effective if one were included so that Canadians could have a clear understanding of the terms.

We can find quite a well-rounded definition in *The War Against Women, Report of the Sub-committee on Status of Women.* It states:

> Violence against women is a multi-facetted problem which encompasses physical, psychological, and economic violations of women which is integrally linked to the social/economic/political structures, values and policies that silence women in our society, support gender-based discrimination, and maintain women's inequality.

Incidentally, honourable senators, this is why my original inquiry, and the one I renewed after prorogation, is directed to the problem of violence against women in Canadian society. We are tempted to find reassurance in the fact that we see violence against women in other societies, particularly in the United States, and think that we may be better. That is dangerous. We should be concentrating on the serious problem of violence against women in Canadian society.

Concerning remembrance of the 14 women who died in Montreal, I am glad that Senator Spivak put the names of those women on the record. Senator Fairbairn also put their names on the record. Because it is a commemoration of these young women with which we are concerned I wish that the bill contained their names. Unfortunately, it does not. There is some urgency as to the passage of this bill because we want to commemorate an event, the anniversary of which is closing in on us. An amendment would require the bill being sent back to the House of Commons. Let us remember the young women and that, officially at least, their names are on the Senate record. I do not know whether their names are on the record of the House of Commons.

The bill proposes a national day of action on violence against women. As I have said, whether one day for action is enough is questionable. In fact, I am sure that Mrs. Black or any of the other supporters do not expect it to be enough. However, it is a step. Yet, the bill neglects to prescribe any course of action, something which we should underline. Therefore, let us not think that by passing this bill we have solved this problem. All we have done with this bill is draw attention to the problem. We should remember that that is all we are purporting and can expect to do with this bill. Mary Clancy, a Member of Parliament from Halifax, noted this point in the House of Commons. She called for a tough law for gun control and a legislative response to the Supreme Court decision on August 22, as was mentioned by Senator Fairbairn.

There are many other areas to be addressed in order to stop violence against women. There is education; access to housing, which would help women and their children escape the violence; day care; pay equity, so that women can attain economic independence; and, recognition of stereotype and myth in the judicial system and in our social vocabulary. That is the type of action that is just barely starting with this bill. It is a very modest bill. It is an important start, but its big danger is that we will think that we have solved this serious problem by this important, but limited gesture.

By no means should this bill be denied easy passage into law. It is a positive step in recognizing that violence against women exists in our society. It does, however, lack in those three aforementioned areas. It is, nevertheless, a commendable attempt toward eradicating the problem. It is a beginning.

Honourable senators, about my renewed inquiry, I notice that it is on the list with the ominous number 9 beside it. Under the new rules, the clock is ticking. It will fall off the Order Paper if it is not dealt with. I would invite interventions by people who have made a study of this subject as to whether that inquiry, which specifically suggests a Senate committee to investigate the issue, is still a good idea in light of the task force that has already been established. I would like to be reassured. I wrote to Mrs. Black and she wrote back to me. I said to her, "I will support your bill, but I have an inquiry that I want to proceed with if we are not to have the kind of action that I think my inquiry could produce." I was prepared to make a motion referring the whole issue to a committee, but I have yet to receive a response from Mrs. Black on whether that will be necessary.

Honourable senators, on another occasion I put on the record something that I wish to put on the record again today in closing my remarks. It is part of a statement made by Professor Ursula Franklin, Professor Emeritus, Faculty of Applied Science and Engineering—I underline—University of Toronto. I ask honourable senators to remember that this bill commemorates the massacre of women engineering students in Montreal. Professor Ursula Franklin, at a memorial service held at Convocation Hall, University of Toronto, on January 17, 1990, for the 14 women who were murdered on December 6, 1989, at École Polytechnique, Université de Montréal, said this—and it seems worth repeating on the occasion of a memorial bill commemorating and remembering the same occasion. She said:

> The events in Montreal certainly and surely upset all of us deeply. As somebody who has taught for the last two decades in the Faculty of Applied Science and Engineering and who has tried to encourage young women to enter our profession, as someone who is a pacifist and a feminist, the events of Montreal deeply, deeply trouble me. They trouble me because any of these young women could have been one of my students, could have been someone I encouraged by saying: "Look, you can do it. It's a tough turf all right, but there are others. Nothing will change if we aren't there."
>
> But these fourteen women are not there anymore. And many say that what happened to them was an act of a madman, something more or less like a random printing error that had nothing to do with anything except the state of Mark Lepine's mind. And I'm one of those who says, yes, it was an act of a madman, but it is not unrelated to what is going on around us. That people get mad may happen in any society, any place, every place. But how people get mad, how that escalation from prejudice to hate to violence occurs, what and who is hated, how it is expressed, is not unrelated to the world around us.
>
> When a madman uses easily-available weapons and easily-available prejudices, it is not totally his problem that will go away when he goes away. At another time, it could have been Jews who were lined up, it could have been black people, but in Montreal they were women, and they were women in an engineering faculty. Killed by someone who wanted to be an engineer.
>
> This is a service of remembrance and reflection, and we may wish to ask ourselves: Who is it we remember, what is it we are called upon to reflect? We remember the fourteen students in Montreal. But we also remember that they were abandoned. Our memory should not block out the fact that Marc Lepine, at one of his killing stations, went into a classroom in which there were men and women. He asked them to separate into two groups, and when this didn't happen, he fired a shot to the ceiling. Then it did happen. Then the men left. Fourteen women were killed, and Marc Lepine could leave this classroom; and it is not as much a question of how he got in, but it is a question of how he got out. And in our memory and our reflection, we have to include the fact that these women were abandoned by their fellow students. And we have to face it.

● (1700)

> Those among us who are men and those among us who are women have to ask, what does it take to make solidarity real? Is one shot to the ceiling or its verbal equivalent enough to abandon the victims? We may wish to reflect together, or you may wish to reflect alone, and think what you would have done, maybe even what you

are doing in less lethal situations. Is a joke enough to condone harassment? There is a lot to be reflected upon.

Many of the comments after the massacre were comments on what was called a "senseless killing". Are there killings that are not senseless? Are there senseful killings? Are there people who can be abandoned? One may wish to reflect. And if the reflection shows that all killing is senseless, we may ask: Why then do we have tools of killing around if we agree that all killing is senseless? We may wish for a second to reflect how we, as a community, would have felt if the identical massacre had taken place in a bank, in a post office. Maybe, heaven forbid, in a hotel where the young women were prostitutes? How would we react?

We speak on occasion with fair ease about all of us being brothers and sisters. And maybe finally I would urge you, in memory of these our young colleagues, to reflect on what it means that someone is your sister, that someone is a member of that human family. That doesn't mean you have to like them or love them, but it does mean that you and we have to respect their presence as the right to be there on their own terms, not by gracious permission of the dominant culture, not only as they keep their mouths shut and go through the prescribed hoops; but because we are members of one family, by their inalienable right to be and to fulfil their potential.

And if the grief that we feel, the remembrance that we have to continue, and the reflections that we have to share, bring us into a world where it is not empty rhetoric when we speak of each other as brothers and sisters, then, I think, the memory of the students in Montreal will serve us well.

Hon. Senators: Here, here.

The Hon. the Speaker *pro tempore:* It is moved by honourable Senator Spivak, seconded by the honourable Senator Ross, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker *pro tempore:* When shall this bill be read the third time?

Hon. John Lynch-Staunton (Leader of the Government): I move that this bill be referred to the Standing Committee on Social Affairs, Science and Technology.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, as far as we are concerned, we would be prepared to proceed to third reading now. We have no desire to hold up the bill. We know that we normally insist that bills go to committee, but this is a very particular bill and there is some urgency. Unless the government intends to amend the bill, it can be read the third time now.

Senator Lynch-Staunton: We have no plans to amend; we just want to follow procedure. We are in full agreement to dispose of it at this moment. With leave, I move third reading at this time.

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

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Honourable senators, with leave of the Senate, it is moved by the honourable Senator Lynch-Staunton, seconded by the honourable Senator Phillips, that this bill be read the third time now. Is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

TWENTY-FIFTH REPORT OF COMMITTEE—DEBATE CONTINUED

Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the Twenty-Fifth Report of the Standing Senate Committee on Social Affairs, Science and Technology, entitled: "It's Almost Too Late", tabled in the Senate on 31st January, 1991, (Sessional Paper No. 342-973).—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, it is unfortunate that the Speaker did not rule on Bill S-5, to amend certain statues of Canada to recognize the war-time service of the veterans of the Canadian merchant navy. I want to take the opportunity now to spend about two minutes on the report entitled "It's Almost Too Late".

I want to update the information that we have on the merchant navies of other countries. While our government is procrastinating in recognizing merchant seamen, I have been in touch with the Australian government and I will read into the record their response. I will be as short as I can and I will only use extracts.

From a letter of September 10, 1990, from Ian Gollings, National Secretary of The Returned Services League of Australia, to Lieutenant-Colonel Colin Sharp, Australian Army Senior Standardization Representative, National Defence Headquarters, Ottawa, Ontario, I read in part:

• (1710)

Through 1988 an inquiry was conducted into Australian Merchant Mariners and Allied Veterans and Mariners as far as their repatriation entitlements were concerned. A report was handed to the Minister for Veterans' Affairs in October 1989 in which recommendations were made for the repeal of the Seamens' War Pensions and Allowances Act and the bringing of Australian Merchant Navy War Veterans under the Veterans' Entitlement Act for compensatory pensions and treatment in respect of war caused disabilities. The Government has not yet decided on its response to these recommendations but intends to do so

soon when we expect that Australian Merchant Navy War Veterans will be brought under the Veterans' Entitlement Act.

Would you please ask Senator Marshall whether he wants a copy of the report or will he wait until the Government response is available. Perhaps he would prefer to wait until the particular amending legislation and explanatory memorandum items are prepared and I can send him a copy of these.

Just recently, on the 20th of August, 1991, there was a news release from Ben Humphreys, the Minister for Veterans' Affairs of Australia, and out of the "Budget 1991—Veterans' Affairs portfolio," it says this, and I quote:

Following a Report from the former Deputy President of the Repatriation Commission, Ms. Jocelyn McGirr, Australian mariners of World War I and World War II will from 1 December 1991 be granted Repatriation treatment benefits on the same basis as Australian war veterans.

That is what Bill S-5 is asking for—recognition.

I will read the extract from the "Extension of Repatriation Treatment Benefits to Australian Merchant Mariners in World War I and World War II."

BACKGROUND

The Minister for Veterans' Affairs commissioned an Inquiry into the needs of Australian Mariners, Commonwealth and Allied Veterans and Allied Mariners in January 1989.

CHANGES

From 1 December 1991, Australian mariners of World War I and World War II will be granted Repatriation treatment benefits on the same basis as Australian war veterans.

Australian Mariners who receive service pensions and fringe benefits will receive a Service Pensioner Benefits Card (the red card).

Mariners who receive both a service pension and a disability pension at or above 50 % of the general rate will receive a Personal Treatment Entitlement Card (the yellow card).

Australian mariners of World War I will also qualify for a Personal Treatment Entitlement Card and be eligible for Repatriation treatment for all conditions.

The special provisions covering the treatment of cancer and pulmonary tuberculosis will also be extended to Australian Mariners.

The cost of these changes (after deducting offsetting savings to the Department of Health, Housing and Community Services) is $1.58 million in 1991-92 (part year) and $2.92 million in 1992-93.

So the Australian government has acted while Canada procrastinates.

On motion of Senator Marshall, debate adjourned.

Senator Lynch-Staunton: I move that the Senate do now adjourn.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX A

CHAPTER 318

APPROPRIATION ACT NO. 4, 1971

Agricultural Exhibition Loans Order

ORDER PRESCRIBING TERMS AND CONDITIONS FOR THE MAKING OF LOANS TO FINANCE THE CONSTRUCTION OF MULTI-PURPOSE EXHIBITION BUILDINGS

Short Title

1. This Order may be cited as the *Agricultural Exhibition Loans Order*.

Interpretation

2. In this Order,

"agricultural exhibition" means a fair or exhibition at which there are exhibits, demonstrations or activities related to agriculture; (*exposition agricole*)

"approved capital cost" means the total cost, as determined by the Minister, of constructing, extending or improving exhibition facilities; (*coût en capital approuvé*)

"exhibition corporation" means a corporation empowered pursuant to provincial law to hold an agricultural exhibition; (*société d'exposition*)

"exhibition facilities" means a building or a building complex or part of a building complex intended for use for agricultural exhibitions and other purposes that, in the opinion of the Minister, would be of benefit to the citizens of surrounding communities; (*installation d'exposition*)

"Minister" means the Minister of Agriculture. (*Ministre*)

Loan Agreement

3. (1) Subject to this Order, the Minister may enter into an agreement with an exhibition corporation providing for the making of a loan to the corporation for the purpose of assisting it in the construction, extension or improvement of exhibition facilities.

(2) No agreement shall be entered into pursuant to subsection (1) in respect of any exhibition facilities, the construction, extension or improvement of which was commenced prior to October 21, 1971.

(3) No agreement shall be entered into pursuant to subsection (1) unless the agricultural exhibition to be held within the exhibition facilities will utilize the facilities to an extent considered reasonable by the Minister, having regard to the community in which the facilities are or will be located.

(4) Every agreement entered into pursuant to subsection (1) shall provide that the borrower will

(*a*) receive no portion of the loan until such time as any portion of the approved capital cost not payable by the Minister has been expended;

(*b*) use the proceeds of the loan to pay the actual cost of construction, extension or improvement of the exhibition facilities;

(*c*) make payments on the loan promptly on the due dates;

(*d*) maintain the exhibition facilities in respect of which a loan is made in a state of repair satisfactory to the Minister;

(*e*) maintain books, records and accounts in a form satisfactory to the Minister and permit the inspection thereof by the Minister; and

(*f*) keep in force during the term of the loan the insurance described in subsection 8(3).

(5) Every agreement entered into pursuant to subsection (1) shall

(*a*) provide for the holding back of such amount as deemed necessary by the Minister to secure any lien or pay any salaries owing as a result of the construction of the exhibition facilities;

(*b*) provide that the loan be repayable in full during the term thereof by equal payments of principal and interest not less frequently than annually; and

(*c*) contain such other conditions as the Minister deems necessary or desirable with respect to the loan.

Application

4. (1) No agreement shall be entered into pursuant to subsection 3(1) unless an application, on a form approved by the Minister, has been submitted to the Minister by the exhibition corporation requesting a loan, and

(*a*) the Department of Agriculture of the province in which the exhibition facilities are or will be located has approved the application; and

(*b*) it is accompanied by

(i) a map showing the location of the land on which the exhibition facilities in respect of which the loan is requested are or will be located,

(ii) a plan and specifications of the exhibition facilities,

(iii) an estimate of the capital cost of constructing, extending or improving the exhibition facilities, and

(iv) a statement as to the anticipated annual revenues from the exhibition facilities and the annual cost of operating and maintaining them.

Maximum Amount of Loan

5. The amount of any loan shall not exceed an amount equal to

(*a*) such portion of the approved capital cost of the exhibition facilities as the Minister, having regard to the anticipated annual revenues of the exhibition corporation from the exhibition facilities and the annual cost of operating and maintaining such facilities, determines the exhibition corporation will be able to repay during the term of the loan, and

(*b*) 90 per cent of the approved capital cost of the exibition facilities,

whichever is the lesser.

Interest

6. Each advance pursuant to a loan agreement shall bear interest at a rate based on those market yields of Government of Canada bond issues, as published each Wednesday by the Bank of Canada as part of its weekly financial statistics, which have a term appropriate to the specific terms of the loan, for the week immediately preceding the date of the said advance, to which shall be added one-eighth of one per cent.

Terms

7. A loan shall be for a term, not exceeding 30 years, to be determined by the Minister.

Security

8. (1) As a condition of the making of a loan, the Minister may require a mortgage or hypothec on the land and buildings of the exhibition corporation to which the loan is being made and such other security from the exhibition corporation as he deems necessary.

(2) No loan shall be made unless the Minister is satisfied that the repayment of the loan is guaranteed in a manner satisfactory to him by

(*a*) one or more of the municipalities from which the patrons of the agricultural exhibition are, in the opinion of the Minister, likely to be drawn; or

(*b*) the province in which the agricultural exhibition is situated.

(3) No loan shall be made unless a fire insurance policy in favour of Her Majesty covers the exhibition facilities to the extent of the loan and other insurance is obtained by the exhibition corporation in the amounts and for the coverage determined by the Minister.

Termination

9. It shall be a condition of the making of a loan that it shall immediately become due and payable forthwith if

(*a*) the exhibition facilities are not used or the payments due are not made in accordance with the terms and conditions of the loan; or

(*b*) any of the insurance policies referred to in subsection 8(3) are annulled or discontinued.

APPENDIX B

The Agricultural Exhibition Loans Order (hereafter "the Order") was made pursuant to Vote L17a of *Appropriation Act No. 4, 1971*. This appropriation read as follows:

> "Loans in the 1971-72 and 1972-73 fiscal years in accordance with terms and conditions prescribed by the Governor in Council, to finance the construction of multi-purpose exhibition buildings..... 10,000,000"

In 1973, this Vote was replaced by Vote L20 of *Appropriation Act No. 4, 1973* which provides for:

> "Loans in the current and subsequent fiscal years, in accordance with terms and conditions prescribed by the Governor in Council, to finance the construction of multi-purpose exhibition buildings..... 15,000,000"

Parliamentary control of the public purse requires that: "The executive should make no expenditures except those approved by Parliament, in ways approved by Parliament". By Vote L20, Parliament authorized the expenditure of public funds for the purpose of making loans to finance the construction of multi-purpose exhibition buildings. Parliament also delegated to the Governor in Council the legislative authority to prescribe the terms and conditions governing the making of these loans.

Subsection 3(1) of the *Agricultural Exhibition Loans Order* authorizes the Minister of Agriculture to make loans to an exhibition corporation "for the purpose of assisting it in the construction, extension or improvement of exhibition facilities." By Vote L20, Parliament authorized the making of loans to finance the <u>construction</u> of exhibition buildings. The Order, on the other hand, purports to authorize the Minister to make loans to finance not only the construction but also the <u>extension</u> or <u>improvement</u> of exhibition buildings. On its face, the Order goes beyond the purpose authorized by Parliament. To the extent it purports to allow the Minister of Agriculture to finance the improvement or extension of existing exhibition buildings, as opposed to the construction of such buildings, the Order is *ultra vires* Vote L20 of *Appropriation Act No. 4. 1973.*

The Department of Agriculture was informed of the Committee's position in February 1985. In March 1985, the Department's Designated Instruments Officer replied that he would "not attempt to justify the wording of the Order as it relates

to the vote wording" insofar as no loans had been made under authority of the Order since 1979. The Committee was informed that officials of the Department of Agriculture had been instructed to draft an Order in Council revoking the Order. That intention was reaffirmed on September 30, 1985. In April 1986, the Committee was informed that the Minister wished to postpone the revocation of the Order "for a period of six months". On January 23, 1987, the Designated Instruments Officer wrote that: "Since the Order itself has not been in use since March 1979, I have instructed my officials to again prepare an Order in Council revoking the ... Order". In July 1987, the Department once again postponed the revocation of the Order pending completion of a program review to be finalized at the end of September 1987. On November 30, 1987, the Minister informed the Chairmen of the Committee that he had instructed his officials "to again prepare an Order in Council revoking the *Agricultural Exhibition Loans Order*". Some seven months later however, the Minister wrote that he considered it "preferable to defer taking final action until the review is completed". This review is presumably that which was under way a year earlier and which was to be completed by the end of September 1987.

When it considered this matter again in the following Parliament, the Joint Committee instructed its Chairmen to write to the Minister of Agriculture indicating the Committee's intention to proceed with a report recommending the disallowance of the Order unless the Minister could assure the Committee that he would "either revoke the Order or amend it so that it is in conformity with the authority granted by Parliament." In his reply of August 29, 1989 the Minister wrote that: "I have instructed my officials to prepare an Order in Council revoking the *Agricultural Exhibition Loans Order*". Your Committee accepted that assurance. Some seven months later, the Order had not been revoked and following an inquiry by the Chairmen of the Committee, the Minister stated that he had signed "the appropriate documentation recommending the revocation of the Order" and that his officials had advised him that "the Order in Council is following its due course". Some three months later, counsel to the Committee was advised that missing information had delayed the processing of the revoking Order in Council but that "appropriate officials of the Department have been advised to take the necessary action immediately to ensure that the order is revoked." The matter, it was said, would be finalized in three weeks time. In a letter dated October 22, 1990, our counsel noted that the order still had not been revoked and sought the advice of the Department's Designated Instruments Officer as to the status of the revoking Order in Council. In his reply of February 14, 1991, the Senior Assistant Deputy Minister, Agricultural programs, wrote that: "A policy issue has arisen which is affecting the department proceeding with the revocation of the Order" and stated his expectation that the issue would be resolved "by the end of the fiscal year". Subsequent inquiries as to the progress of the revocation of the Order have remained unanswered by the responsible department.

In light of the record detailed above, your Committee is not prepared to accept any further undertaking to take action. None of the previous undertakings to revoke the offending Order has been respected and your Committee has therefore resolved that the *Agricultural Exhibition Loans Order* be revoked.

Given that the Order is partly *ultra vires* on its face and that it has stood unused for twelve years, your Committee conceives of no justification for keeping it in force. This seems to the Committee to be an appropriate case for the House of Commons to order the revocation of a statutory instrument. Should it be decided at some future time that the financing of exhibition buildings through government loans should be reinstated, it will be open to the Governor in Council to make a new and valid order prescribing the terms and conditions in accordance with which such assistance will be provided.

THE SENATE

Wednesday, October 23, 1991

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

Prayers.

SENATORS' STATEMENTS

Hon. Lowell Murray (Leader of the Government): Honourable senators, I may ask for leave later to revert to Senators' Statements because there is a pleasant duty of which Senator Frith and I wish to acquit ourselves, but he has been delayed by reason of having had to making a speech in Perth this afternoon. I just wish to alert the Senate that I may later ask for leave to revert to Senators' Statements.

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

Some Hon. Senators: Agreed.

CHINA

FLOOD DAMAGE—CONTRIBUTIONS OF CANADIANS

Hon. Pat Carney: Honourable senators, I wish to draw the attention of the Senate to the special and successful efforts of our Chinese Canadian community in raising funds for the relief of China's population which was severely affected by flooding this summer. In just three months, the B.C. Committee for China Flood Relief has raised $1.3 million of the $1.5 million goal. I have the honour to serve as honourary co-chairman of that committee along with Arthur Lee and Douglas Jung, two members of the Chinese Canadian community who are former MPs.

I am advised that the Chinese Canadian community in Toronto has raised at least another $1 million in the same period. Canada has contributed $200,000—$100,000 through the Red Cross and another $100,000 through the U.N. I understand that External Affairs is considering a substantial contribution to help with the rehabilitation efforts.

The floods devastated serious portions of China, particularly the provinces of Anhui and Jiangsu. More than 200 million Chinese were affected by the floods. The chief need is shelter, clothes and quilts. I understand that China needs 12 million sets of clothing alone as winter approaches. And, of course, emergency shelter is needed.

The money raised came from a variety of activities—auctions, art shows and children's concerts—from all walks of life. I think we should acknowledge the generous response by this community to this effort and it should be part of the public record.

BULGARIA

MISSION TO OBSERVE NATIONAL ELECTIONS

Hon. B. Alasdair Graham: Honourable senators, I should like to make a brief statement about the situation in Bulgaria. I had the honour to be the co-leader of the delegation which observed the elections in that country on October 13. The delegation was comprised of over 70 people from 23 countries. The mission was jointly sponsored by the National Democratic Institute for International Affairs and the Republican Institute for International affairs, both based in Washington, D.C. Honourable senators, both institutes deserve commendation for their continuing efforts in this regard.

Bulgaria has undergone dramatic changes in the last two years. In July of this year it became the first of the former Warsaw Pact countries to adopt a new constitution. It is also the first of those countries to hold a second round of national elections. Over 30 parties contested the elections with about seven serious contenders.

The delegation visited over 400 voting stations in 12 regions of the country. The electoral process is cumbersome and complicated. There were serious administrative problems and confusion. Fear was still evident in some areas. A lack of trust continues to influence relationships among many Bulgarians.

But beyond the confusion, there was evidence of a newfound dedication to democracy. There were 6.5 million eligible voters. The turnout was estimated at 80 percent. People throughout the country worked very hard simply to make the system work. Worthy of special mention in this respect is the organization commonly known as BAFE, the Bulgarian Association for Free Elections and Civil Rights.

The final results show that the United Democratic Front picked up 110 seats in Parliament; the Bulgarian Socialist Party, the former Communist Party, 106 seats; and the balance of power will be held by the Movement of Rights and Freedoms, a party supported largely by ethnic Turks, with 24 seats in the 240-seat Parliament.

The results will undoubtedly require a coalition between two of the parties and perhaps another general election in the spring of 1992. The presidential elections must be held by January 13 of next year.

Hopefully, the new national government will continue the political progress made in the last 18 months while effecting the difficult transition to a market economy with the help of stronger linkages with the West and other eastern European countries.

What is the significance of election observer delegations in countries like Bulgaria? I believe that such missions help generate the political will to face up to tough choices and

atmospheres complicated by the omnipresent factors of intimidation and anticipated fraud. Our general objective was to encourage the Bulgarian people to believe that ultimately they have the right to determine the structures of a fair polity. They exercised that right. The big victory was won by the Bulgarian people themselves. In spite of the institutional weaknesses associated with the electoral transition, the people clearly felt a sense of entitlement—an entitlement to cast a ballot; that the act of casting that ballot was a right and that the ballot was secret. Bulgarians, for the most part, are convinced that there is a better way to live and that ordinary people may play a role in the construction of a better society.

Now, however, we in the West must assist in consolidating the impact of this historic juncture. We must ask ourselves some tough questions here in the western democracies, in our own country. Do we have a long-term commitment to building the social and economic structures intrinsic to political pluralism in Bulgaria and other evolving east European and Balkan states, or do we not have such a commitment?

Our expectation of successful electoral transitions must match our collective will to follow up in the wake of these exercises. The seeds of freedom have been sown. It is in our best interests as Canadians, as citizens of the global community, to ensure that the harvest is plentiful.

RAILWAY ACT

BILL TO AMEND—REPORT OF COMMITTEE

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

Wednesday, October 23, 1991

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

THIRD REPORT

Your Committee, to which was referred the Bill C-11, An Act to amend the Railway Act (grain and flour subsidies), has in obedience to its Order of Reference of Wednesday, October 2, 1991, examined the said Bill and now reports the same without amendment, but with the following observations:

As part of the 1989 federal budget, the At and East grain and flour subsidy was to be terminated effective July 15, 1989.

We are of the opinion that when a sector industrial structure evolves in response to an artificial regulatory framework—as the Halifax and St. John operations did in response to the At and East subsidy—it is incumbent upon the government to provide adequate transitional assistance when that government changes the regulatory framework.

As of October 22, 1991, the Committee was not satisfied that the needed transitional assistance was evident, let alone in effect.

Respectfully submitted,

FINLAY MacDONALD
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

BANKING, TRADE AND COMMERCE

FIRST REPORT OF COMMITTEE PRESENTED

Hon. Jean-Marie Poitras, Chairman of the Senate Committee on Banking, Trade and Commerce, presented the following report pursuant to Rule 105:

The Senate Committee on Banking, Trade and Commerce has the honour to present its

FIRST REPORT

Your Committee, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reports, pursuant to Rule 105, that the expenses of the Committee during the Second Session of the Thirty-Fourth Parliament were as follows:

A. With respect to its examination and consideration of legislation:

Professional and Special Services	$ 26,495.68
Transportation and Communications	253.42
Other Expenditures	1,929.54
	$ 28,678.64

B. With respect to its examination of Bill C-62:

Professional and Other Services	$142,464.73
Transportation and Communications	221,226.93
Other Expenditures	96,671.60
	$460,363.26

C. With respect to its special study on Canadian financial institutions:

Professional and Other Services	$ 60,405.89
Transportation and Communications	4,443.43
Other Expenditures	627.78
	$ 65,478.10

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

• (1410)

[*English*]

BUSINESS OF THE SENATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, again I ask the indulgence of honourable senators to permit me to revert to "Government Notices of Motions" later this afternoon for the purpose of moving the weekly adjournment motion.

Let me explain. It had been our intention—by "our" I mean Senator Lynch-Staunton and me—that, if the Senate was able to conclude second reading debate of Bill C-16 today and dispose of Senator Lynch-Staunton's pre-study motions, and if we were able, with leave, to have second reading of Bill C-10 and refer it to a committee, Senator Lynch-Staunton would propose that the Senate adjourn until November 5. That is, the Senate would not sit next week.

In the interim, unfortunately, Judge Gold's mediation effort in the postal dispute has ended unsuccessfully. The parties have not been able to reach an agreement, although Judge Gold did say that they have made considerable progress. Consequently, Mr. Danis, the Minister of Labour, is giving notice in the other place this afternoon of the government's intention to proceed with a bill to impose compulsory arbitration on the parties. That being the case, I think it is highly likely that we will have to return next week, but I do not know when.

There is also the slimmest glimmer of a possibility that the parties might still reach an agreement. I say that only because they are meeting this afternoon. However, if they do not reach an agreeement, we will be going ahead with legislation. That means that with notice today in the House of Commons, the second reading debate could not start before Monday in that House, unless there is leave. I do not know—and no one knows—when the bill might pass the House of Commons.

Therefore, I ask honourable senators opposite to reflect on the matter for a while. I am inclined to suggest that we should move the adjournment, as we had intended, to November 5, it being understood that there is a strong possibility that we will have to come back next week and that I would ask His Honour, the Speaker to send telegrams to honourable senators as soon as we have a better idea as to when we might be confronted with a bill concerning the postal dispute from the House of Commons.

I will leave it at that for the moment and ask leave to revert to Government Notices of Motions later in the afternoon. By that time perhaps we will have a better idea of where the two parties are in the dispute.

Senator Olson: There are lots of good reasons to come back, in any event.

[Senator Poitras.]

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Finlay MacDonald: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*) I move:

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, as a general principle we do not like to give leave for committees to meet during the sitting of the Senate. That has pretty well been the standard practice in this house. However, there are exceptions and in this particular case we are prepared to give leave. Senator MacDonald has spoken with me and I think it is a reasonable request.

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

Hon. Senators: Agreed.

Motion agreed to.

• (1420)

QUESTION PERIOD

AGRICULTURE

FEDERAL SUPPORT FOR GRAINS AND OIL SEEDS—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, yesterday I asked the Leader of the Government whether the $800 million announced by two or three Ministers of the Crown as assistance to agriculture was new money or whether it was the announcement of a payment that both they and the farmers had known was going to be paid in any event. The ministers were committed to making a payment of approximately that amount just before seeding, as they have said. As a matter of fact, if you take seriously the numbers that the government has been giving out for some time, and indeed that the Minister gave yesterday, that there will be approximately $2.5 billion paid out in the course a year—I think that is the time frame that he used—then of course the amount may be even substantially more than $800 million.

The real question that I tried to get an answer to yesterday was whether or not this is a new commitment in addition to what had been committed before through the GRIP program and the NISA program, and whatever other programs had been announced for various parts of the country. I wonder if the Minister could give us a fairly simple categorical answer as to whether it is new money or was an announcement of money that had already been committed. I would appreciate it, if he would tell us that.

Some farmers really are not sure that you have promised anything. The other thing is they are not sure how you are going to distribute the money. If you are going to distribute it through the GRIP program or the NISA program, then those who have not applied for either of those programs are not going to get anything, and they are a little worried about that. I just wonder if the Minister would enlighten us a bit so that those farmers who are desperately in need of some cash to pay their bills now will know whether there is any substance to this promise or not.

Hon. Lowell Murray (Leader of the Government): Honourable senators, to answer the second part of the question first, that is, Senator Olson's question as to how the assistance will be paid: My colleague advises that he has received and read a draft of the Grains and Oil-seeds Third Line of Defence report. They have considered a number of options for paying the assistance ranging from payment through NISA, GRIP, or based on acreage. The Minister goes on to say that each option has implications in terms of timing and complexity; therefore, it has not yet been decided how this will be done.

Now, with regard to the amounts of money involved, I am sorry that the honourable senator continues to sow confusion on this matter.

Senator Olson: I am trying to clear it up.

Senator Murray: The honourable senator knows, because he has been told in this place at least three times in recent weeks, that there is approximately $2.5 billion going out through GRIP and NISA and programs of that kind. He also knows that there has been $800 million announced—

Senator Olson: Over and above that.

Senator Murray: Just a moment. There is $800 million dollars under the Special Assistance Program announced by Mr. McKnight a few weeks ago. This will bring the total amount to something like $3.3 billion. That is your answer.

Senator Olson: Honourable senators, that is good. We at least believe now that there is $800 million over and above the $2.5 billion that was committed under NISA and GRIP.

Senator Barootes: A simple "thank you" would suffice.

Senator Olson: I will say thank you. There will be a great many farmers who will appreciate hearing that.

However, let us have the rest of the story. Is this money to be paid through the mechanism of GRIP or NISA? In many cases, the same farmers have applied for both, at least in those provinces where it is available—and it is not available in all provinces. However, those farmers who have not applied for either one of those insurance programs can expect nothing. They have the right to know how it will be used. Or does the government want them to be sitting around until next spring sometime just before seeding, not knowing—even if the $800 million is there—whether they qualify or not and whether they fit the formula that will be used for the distribution of the money?

I think the minister is a reasonable man. I think he would want farmers to know about what might be a good program. It might be a disastrous one, too, if it is handled improperly. Can the minister help us?

Senator Murray: Honourable senators, I agree with Senator Olson that the farmers have a right to know what the mechanism will be. They will be told as soon as it is decided.

Senator Olson: Could the minister give us some indication as to when it will be decided, and perhaps by something a little more specific than his just saying "soon"?

Senator Murray: I am afraid I will have to consult my colleague the Minister of Agriculture on that matter, honourable senators.

I think I should also repeat what I said yesterday in answer to the honourable senator's suggestion that farmers would have to wait until some time next spring. There is $1.5 billion of the money to which I referred earlier which will be going out to farmers before the end of this calendar year. That is to say, within the next two months.

Senator Olson: The minister is now repeating what he has said so many times. He confuses one program with another. We know what the government has promised, although we are not sure that it will deliver what is there under GRIP and NISA. Now he comes along and says that there is to be paid $1.5 billion under the GRIP and NISA programs sometime this year. That is not what I was asking about. I was asking about the announcement of the $800 million.

I think we are starting to get a better idea of what is happening. The government is, too. I do not think it quite knew where it would get the money, even though if it had committed the funds a while back. I can bring a few quotes into the Senate concerning what the Minister of Finance has had to say about finding this $800 million. He was a bit apprehensive. Some of us who have been around here long enough are able to read between the lines of minister's statements. It is not completely clear to me how he will find that money for this purpose.

Senator Murray: The honourable senator need not try to read between the lines. Perhaps that is his problem. He has not been reading the lines themselves. The lines say that, no, we do not have that money, but we will have to find it either in the system or raise it somewhere.

Senator Olson: That is what the Minister of Finance says.

Senator Murray: The honourable senator need not worry about that for the moment. I wish to assure him that the $700 million, which is what it is for the grains and oilseeds sector, as he said yesterday, will be going out to the farmers. We will be announcing, shortly I hope, exactly how this will be done.

Senator Olson: I hope that when the minister uses the word "shortly" he is giving it the usual connotation that is put on that word.

Senator Murray: Yes, I am.

• (1430)

CANADA-UNITED STATES FREE TRADE AGREEMENT

AMERICAN DUTY ON LIVE HOGS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government regarding the Free Trade Agreement and the way in which the American government has been dealing specifically with hogs and pork products.

Honourable senators will recall that last year there was a very long process in which, eventually, Canada won on its position regarding pork products. But now the United States has imposed a special duty on live hogs, once again creating problems in that industry. Instead of being, in my view, honest and above board on the Free Trade Agreement, they are causing trouble whenever they can and putting difficulties in the way of our people.

Can the Leader of the Government bring us up to date on that matter? If he does not have the information now, and I understand it is rather specialized, can he give us a report at a later date, because this is a crucial matter for a large number of Canadian producers.

Hon. Lowell Murray (Leader of the Government): I appreciate that fact, honourable senators, and I will ask the Minister of International Trade for a report on that matter, and I will bring it in shortly.

EXTERNAL RELATIONS

CANADA'S FOREIGN AID TIED TO RECORD OF HUMAN RIGHTS TREATMENT—STATEMENT BY PRIME MINISTER—REQUEST FOR CLARIFICATION

Hon. Richard J. Stanbury: The Honourable Leader of the Government will be well aware that last week at the Commonwealth Conference in Africa, the Prime Minister announced—although I think perhaps it was not a new announcement, but in any event, he made a clear statement that Canada would, hereafter, tie its foreign aid to the record of human rights treatment in the countries which were applying for that aid. I wonder if we could have a little more detail on how Canada will apply those criteria, or what that criteria will be? How will we determine whether the record of a country applying for aid is deserving or not? Will it be in our opinion or in whose opinion?

Hon. Lowell Murray (Leader of the Government): Honourable senators, every year we consider available information on human rights of various countries in the cabinet process of determining the channels and levels of Canadian assistance. This is one of several key factors that are taken into account. Without trying to establish for the honourable senator specific criteria that we use, I can do two things: One would be to give recent examples where we changed our aid policies towards particular countries as a result of events in those countries. We quite recently took decisions, for example, with regard to Haiti, and to China before that, and to several other countries. I can bring in further information on that in due course.

Second, I draw the attention of the honourable senators to the declaration made by the heads of government at Harare in which they promised to work with renewed vigour for democracy, democratic processes, and institutions which reflect national circumstances; the rule of law and the independence of the judiciary; just and honest government; fundamental human rights, including equal rights and opportunities for all citizens regardless of race, colour, creed or political belief; and equality for women, so that they may exercise their full and equal rights.

• (1440)

In a general way, those would be the kinds of criteria by which we would be guided in developing our aid policies toward various recipient countries.

Senator Stanbury: Honourable senators, I appreciate that answer and I certainly congratulate the conference on its statement of principles. The problems, of course, that arise from the implementation of those principles are ones which will have to be defined and dealt with, perhaps over some years. The question, of course, is who decides whether a country has a good or bad record in terms of human rights; what criteria are used to make that determination and whether those criteria are used consistently. For instance, you mentioned China. I do not think there has been much change in the situation in China, and yet we are again considering aid and trade with China. The same is true with respect to Iran.

The question is one of consistency and whether we expect the same treatment from other countries in view of the charges which are still pending by Amnesty International against Canada with respect to certain other types of human rights. I worry about a general statement which sounds like motherhood but does not have attached to it any clear criteria as to what we mean by "the record on human rights".

Senator Murray: I would suggest to the honourable senator that he re-examine what I have said about the Harare declaration. While he may consider the references to democratic development, fundamental human rights and equality for women to be motherhood, I think they are sufficiently clear that we and all potential recipient countries understand what those terms mean.

NATIONAL DEFENCE

1ST CANADIAN DIVISION—PRESENT STATUS

Hon. Gildas L. Molgat: Honourable senators, my question is directed to the Government Leader. Some time ago the government announced the formation of the 1st Canadian Division. I am speaking now of the military. It was to have headquarters in Trenton with an advance tactical group in Europe and it was to take in the troops in Europe plus some of the regular Canadian troops.

With the announcement by the Minister of National Defence of the substantial reductions in Canada's regular Armed Forces, but also very substantial reductions in the forces in Europe, what is the status of the 1st Canadian Division? Is it still in existence or has it been wrapped up? What does the government intend to do?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask for a report from the Minister of National Defence on that matter.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

JUSTICE—COST OF CHARLES NG EXTRADITION PROCEEDINGS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 7 on the Order Paper—by Senator Olson.

CANADIAN COUNCIL ON FIREARMS—STATUS OF MEMBERSHIP

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 9 on the Order Paper—by Senator Corbin.

AGRICULTURAL PRODUCTS MARKETING ACT

BILL TO AMEND—SECOND READING

Hon. J. Michael Forrestall moved the second reading of Bill C-16, to amend the Agricultural Products Marketing Act and to provide for other matters in relation thereto.

He said: I am pleased to rise today in support of an amendment to the Agricultural Products Marketing Act, Bill C-16. Through this initiative we intend to do a number of things. The initiative might be described by some as merely a housekeeping matter, and indeed it has that aspect about it. I would suggest that it is well to recognize that, with this amendment, the government continues to fulfil its commitment to help make the agricultural sector of Canada more competitive. It is also a tangible demonstration of the government's promise to make federal-provincial relations work to the benefit of all Canadians.

The honourable Bill McKnight, Minister of Agriculture, in his speech to the House of Commons pointed out that the government has made co-operation with industry, the provinces and producers the cornerstone of its agri-food policy. This has been the hallmark of the policy review process which has been going on for some time right across the country.

Here, multipartite task forces on dairy, poultry, grain safety nets and farm finance and management have been able to coalesce the expertise and knowledge of committed individuals from a wide spectrum of Canadian agriculture. Their task has been to signpost the directional changes that are needed in these areas if the Canadian farm sector is to remain competitive.

On a smaller, though no less important scale, this bill is another example of the government making progress with the farm sector itself with respect to its competitive position. The original legislation for this Agricultural Products Marketing Act has served our agricultural sector well. It provides provincial marketing boards and agencies with powers to take an organized approach toward enhancing interprovincial and international marketing of their products.

As you are all aware, Canadian producers are dependent on international trade for a large, indeed very substantial, proportion of their farm incomes. The APMA provides them with a mechanism to focus their efforts, to work together to develop and enhance their international markets either through collaborative marketing approaches or product enhancement. The results have been, to say the least, somewhat impressive. In the face of stiffening international competition, Canadian farm products are finding new and expanded markets both in North America and abroad. In the process, the efficiency of the agri-food and wood industries has been notably improved.

As all of my colleagues in the chamber know, however, good government is as much about continuously fine-tuning the system to make it responsive to current realities as it is about developing, debating and enacting new wide-reaching and sweeping legislation.

After extensive consultation with the producers, marketing boards and the provinces, the government has learned that the Agricultural Products Marketing Act can become more effective by making it more responsive to the needs of our farm sector. Wood producers have told us that they require changes to the act to confirm the validity of previous wood orders. The amendments that have been put in place will confirm that wood and wood products are considered agricultural products under the act. With the change, greater stability will be brought to the industry, and future wood orders will not be subject to related legal challenges, both costly and unsettling.

● (1450)

Marketing boards have expressed the fact that they require the authority to recover unpaid levies, particularly for a product that is shipped out of the province or out of the country. With the amendments proposed in this bill, all producers will share equally the responsibility and, in turn, the benefits of their provincial marketing boards. This will be made possible through the amendment that will allow marketing boards and agencies to collect unpaid levies, effectively giving them the same authority in the federal jurisdiction that they now enjoy in the provincial jurisdiction. The end result will be a fairer system for all participants.

The provinces have supported the requests of their marketing boards and have asked us to be of assistance. We think that these amendments meet the expressed requirements of producers and are a tangible demonstration of the federal and provincial governments working together for the benefit of the Canadian agricultural sector.

Clearly, as legislators, it is our responsibility to ensure a speedy passage, not only of this bill but of legislation of this

nature. By fine-tuning the Agriculture Products Marketing Act, we will have demonstrated that we are responsive to the needs of our agricultural sector and, by doing so, we will have allowed them to become more competitive both at home and abroad. Mr. Speaker, to quote one great philosopher, "It is the right thing to do."

Hon. Dan Hays: Honourable senators, I commend Senator Forrestall for a good explanation of what it is we have before us in Bill C-16, and I join with him in asking you to support the early passage of this legislation.

I will not spend much time describing the legislation because it simply adds wood as an agricultural commodity under the Agricultural Products Marketing Act, which is the legislation granting authority to extend, by order, federal powers to provincial marketing boards and agencies. The act is the basis, as Senator Forrestall has observed, for orderly marketing by provincial marketing agencies such as those which exist in the provinces for poultry, dairy and many other commodities. Those commodities would not be in the category where the agencies or marketing boards have assisted in the export, because they represent the supply-managed sector. I wish to comment on that in the context of this bill and the current crisis that that sector is confronted with as a result of the government's negotiations in the General Agreement on Tariffs and Trades.

Senator Forrestall also talked, in a very kind way, about the legislation. It is interesting to note that Senator Olson, who is here today and hopefully will be prompted to say a few words about this matter, was the minister responsible at the time that that legislation was passed. It was not always popular with Conservatives. At the time, Senator Olson likened it to the GST debate where all-night sessions were needed in committee to get the necessary approval of the House of Commons agriculture committee so that the legislation could be proceeded with.

The general comments that I want to make in the context of the legislation is that the only remarkable thing about it is that it has taken the government this long to bring the amendment forward. The amendment is prompted by a request or a demand of the joint House-Senate committee on statutory instruments which observed that wood was not an agricultural commodity. Senator Godfrey of this chamber was co-chair or an active member of that committee and was very vigilant in pursuing these things, and this is one of the things that he urged be done. As I say, it is remarkable that it has taken this long for this government to bring the amending legislation forward.

The few comments that I want to make about these agencies is that they are, as Senator Forrestall has observed, extremely important to the marketing of our commodities. Perhaps the most important of these relates to the supply-managed sector which is currently worried about whether or not it will continue to enjoy the current marketing arrangement.

Canadian agriculture breaks up into basically three parts. The first is the supply-managed sector, which is healthy, relatively speaking. I do not think anyone gets rich producing supply-managed commodities, but they do not lose money doing it.

The other sector would be generally categorized as the red meat sector, including pork, which is relatively healthy and operates on a North American market. The supply-managed sector, by definition, operates within Canada only.

Thirdly, we have the huge cereals and oilseeds sector which is currently in a serious depression. I do not think that is too strong a word to use. Senator Olson's exchanges with the Leader of the Government here in the Senate highlight a very difficult situation faced by Canadian farmers today. Something between one in six and one in four of those farmers are currently bankrupt, depending on whether you go with the Farm Credit Cooperation figures or not. That commodity is not what this particular legislation relates to.

The final point I wish to make is that we have enjoyed great success in the supply-managed sector which arises out of this legislation. This is with respect to the poultry side. The diary side came about in 1965. The threat to the supply-managed sector is of great concern, but the government denies that there would be anything given away on that, and hopefully the government is being honest and truthful with Canadians.

The red meat sector is relatively healthy, as I say, and operates on a North American market. Providing that we continue to have protection against unfair competition from imports, whether through subsidized beef from Europe or Latin American beef, that sector will also operate in a healthy market-based way in the the North American context.

The cereal side is not healthy. That is evidence of failure—a colossal policy failure. I disagree with Senator Forrestall on the results of the consulting process in growing together and bringing forward a program, namely the Gross Revenue Insurance Program, which he suggests is working or helping Canadian farmers. It is not. The distress in that sector is ample evidence of that.

I would like to talk about what has to be done to address that fear. The government's position seems to be that this is external to us. This is a war between the United States and Europe. It is their fault, and we intend to fix it up by making them do what we think they should be doing; that is, operating in a market environment and recognizing comparative advantage. I do not think the government will do that, but if it does, that would be great and that would work. The Government of Canada is saying it will fix a domestic problem by changing the common agricultural policy in Europe and by changing policies in the United States, namely the 1990 Food Security Act, which is the current legislation governing their agricultural program.

If Mr. Mayer and Mr. McKnight can change the Americans and the Europeans, good for them. If they cannot, then the policy we are pursuing, namely of encouraging people to continue to grow commodities at a loss so that we can continue to export and keep our market share, will not work.

I believe we should listen carefully to the critics of our government's program, and I refer to the agricultural economists at the University of Saskatchewan who, when the GRIP program went through, said that we should not make that a commodity-specific program. We should extend the support to Canadians. Here again, I refer to the exchanges between Senator Olson in opposition and Senator Murray on the government side. The numbers are big. They support the sector, but they do not support it in a way that helps the sector, because farmers are continuing to lose money, continuing to go broke. The many demonstrations that we see by Canadian farmers across Canada are ample evidence of that. We should continue to provide assistance, but not make the farmers lose money to access the assistance, which is what the GRIP program does in its present form.

I would commend to you all a careful study of the current government's program and the situation we find ourselves in. The policy is not working. It has failed. I would ask you to address what it is that we have to do to change the policy.

• (1500)

An alternative would be to go the U.S. route and control very tightly how much land you can put into this crop or that crop. I am not sure that Canadian farmers would take well to that. Some of you may think that I am a bit off the topic here, but I am not. I am dealing with the agricultural problem. We are bringing "wood" into the definition of agricultural commodity, and that is a good idea. It should be supported. However, in keeping with the practice of this chamber it would be well for us to continue to have these matters examined by the appropriate committee, namely, the Agriculture and Forestry Committee in this case.

So, honourable senators, I state again that it would be very worthwhile to give immediate and early passage to this legislation at this particular point. I suggest, however, that it would be appropriate to refer it to a committee or to a Committee of the Whole.

Hon. H. A. Olson: Honourable senators, I will be very brief.

Some Hon. Senators: Hear, hear!

Senator Olson: One can be goaded into doing things a lot differently from one's original intentions. So be careful.

When I was listening to Senator Forrestall's explanation of what a fairly innocuous bill would do, I did not know whether to be happy or enraged, because, while what he had to say about the farm marketing legislation was great, accurate and in line with what the farmers say who are producing the various products and abiding by the Agricultural Products Marketing Act, the government is now in a stage in the GATT where they are offering to do away with them. There is some commitment that we have to make wherein we will abolish the farm marketing system in Canada, including supply management and that sort of thing. Once in a while some minister, especially the Minister of Agriculture, says, "We will not do that. That is not part of the free trade arrangement with the United States and we are not negotiating so that we have to phase out our Agricultural Products Marketing Act in Canada at all."

Honourable senators, I hope that is right, because for the last six or seven years every commodity that farmers produce, except those that are covered by the Agricultural Products Marketing Act such as eggs and broilers, is in severe difficulty. Only the ones that have been saved by a policy that was put in before this government came to office are still reasonably healthy.

Senator Forrestall's remarks were to the extent that, yes, it is a great thing but now we should add wood products. I agree—that is, if you need it. I do not know where the opinion came from that wood is not an agricultural product, but I will accept that some lawyers sitting in a room some place decided that wood is not an agricultural product and, therefore, if we are to legalize or legitimize all the things that have been done in the past, Parliament should pass an act that includes "wood", as in the definition section of clause 1.1 of this act. Well, the majority of farmers in Canada, who have been practising agriculture for a long time, believe that wood comes off their farms and that it is an agricultural product. I do not know how the lawyers twisted it up so that they now have to have a legalized definition, but I will not oppose that either.

One other thing that is fairly important in this Agricultural Products Marketing Act is that for the purposes described in this act there is no need for any federal legislation at all. When the act was introduced in 1971 or 1972, neither the federal government nor the Minister of Agriculture—I was the minister at the time—ever assumed that federal jurisdiction included the competence to make legislation respecting quotas or marketing or production quotas or the competence even to set prices. I could give you all the precedents, court rulings, and so on, dating way back into the thirties where they stated that that jurisdiction came under the provincial field of jurisdiction. So why they get excited about it now is really quite beyond me.

When we brought in the Agricultural Products Marketing Act at the federal level it was for the purpose of coordinating agricultural marketing boards in the various provinces. I attended dozens of meetings where most of the provincial Ministers of Agriculture were present. I said, "Look, you have all the power that you need. You have all the jurisdictional authority that exists to make the laws that deal with agricultural supply management and marketing. Just do it." I further said, "If the federal government does it we have to get delegated legislation from the provinces in any case." And they agreed. There was no disagreement. They said, "We cannot do it without a federal coordinated structure." So we brought it in, knowing full well that the provinces could either join or refuse to join. Some refused to join for many months; in fact some refused for some years even after they had committed that they would join right away and be cooperative in dealing with a situation in which the poor producers were selling their eggs at that time between eight cents and 10 cents a dozen. It was a desperate situation as far as the producers

were concerned. I am not quite sure why we need federal jurisdiction and federal amendments to the act now.

What I really got up to say is that I hope that Senator Forrestall, or his speech writer—and I am not sure who made that nice speech for him because it was a good one—is reflecting the opinion that the government will give the kind of consideration to the Agricultural Products Marketing Act that Senator Forrestall has indicated, because that is the way it should be. That is what the farmers think, too. I hope that we do not have to face a government that is off on some Conservative philosophy—free markets and so on. It all sounds good; the only problem is that it does not work. It did not work 20 years ago; it did not work seven years ago, and it does not work now. Senator Barootes knows that.

• (1510)

The point I am trying to make is that I hope whoever wrote that speech or did the research for that speech is now in the position of the government that is in office. Talk about freeing up this market or having a market oriented commodity in this or another commodity does not fit with what Senator Forrestall just said about agricultural marketing boards. So far, every one of those things that the government has said we are now going to rely on, such as a market economy and deregulation, has gone sour.

Look at the airline industry. Both major airlines are wondering what they are going to do next.

One that is even more important to me is the natural gas industry. That industry no longer has even a base price. If the producers in Alberta could turn back the clock, believe me, they would do so. They received a reasonable price for a base amount of gas that was supplied all across this country and that is slowly disappearing. I suppose senators opposite think that is a good thing. That is good, if you want it to be like agriculture. The way you have disregarded what works and what you can philosophize about has taught enough farmers across this country that they will never vote for a Conservative philosophy again in this generation. You might know that. I know you believe it because I am sure every one watched what happened in Saskatchewan a few days ago and also what happened in British Columbia. They have had enough of this kind of copping out. That is what the government is doing. It is not managing the economy or the monetary system or anything any more. Let the market decide, so the big boys can come in whether they are in Canada or outside of Canada and kill all of you—economically, I am talking about.

Senator Barootes: Surely he has not become a socialist!

Senator Olson: There is nothing socialist about it. In the real world the only farmers who are reasonably successful financially at this time are those who brought their commodities under the Agricultural Products Marketing Act some years ago, namely, eggs, broilers and also turkey broilers. There are a few others as well, such as dairy products, but that is a completely different set up because the federal government does not have any control over the marketing of dairy products except to the extent that they pay a subsidy on industrial milk.

[Senator Olson.]

That is all. The provincial governments are doing all the rest of it, and Senator Barootes knows that.

Senator Barootes: I learned it from you.

Senator Olson: No, you will find out it is true.

I did say that I was going to be brief. I do not know whether to be encouraged or discouraged. I hope I can feel encouraged that the government is now going to take the advice and conclusions and all the nice things that Senator Forrestall had to say about this bill and use them and not go to some international meetings and phase it out or give a commitment that it is going to be phased out, because then they will get into difficulty, too.

As I said, it prompted me to say a word or two. Perhaps the government is starting to see the light now. Indeed, I hope so.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Forrestall, bill referred to the Standing Senate Committee on Agriculture and Forestry.

THE HONOURABLE C. WILLIAM DOODY

TRIBUTES TO FORMER DEPUTY LEADER OF GOVERNMENT

Leave having been given to revert to Senators' Statements:

Hon. Lowell Murray (Leader of the Government): Honourable senators, I had earlier indicated that I believed there was agreement to revert to Senators' Statements when Senator Frith returned to the chamber.

Honourable senators, on September 17, when I announced the appointment of Senator Lynch-Staunton as Deputy Leader of the Government, I referred very briefly to his predecessor Senator Doody who had been our deputy leader for seven years.

Senator Doody was overseas during September and now that he is back in the chamber I want to acknowledge in his presence the great debt that the government, his colleagues on this side, and I believe the Senate itself owe to him.

Obviously it would be quite premature to eulogize Senator Doody. He is, as everybody can see, alive and well and—

Senator Frith: And well under 75.

Senator Murray: —the day for eulogies, we all trust, is a long way off.

Indeed, Senator Doody is seeking new fields to conquer. The news that Prime Minister Mulroney has been nominated for the position of Secretary General of the United Nations has eclipsed the important news that Senator Doody is seeking the Chairmanship of the Commonwealth Parliamentary Association.

Senator Molgat: And he's much better qualified.

Senator Frith: And much more open about it, too.

Senator Lynch-Staunton: Nothing pithy about that!

Senator Murray: I should mention that the election takes place at 6 o'clock this evening in the Railway Committee room. Senator Doody's campaign managers are Senator Nurgitz and Senator Petten, who have assured that not only will he win but that he will win by a substantial majority. Nevertheless, those who know Senator Nurgitz and Senator Petten from previous campaigns would do well to make every effort to attend the meeting at 6 o'clock to ensure that their brazen confidence is justified and that Senator Doody's understandable trepidation is not.

Memberships in the association can be purchased for $15. In this way, honourable senators, we will go some distance to repaying the debt which I referred to earlier.

Senator Doody served as Deputy Leader to Senator Roblin from 1984 to 1986 and to me for the past five years. For the past five years, I freely confess to what has been in any case obvious to all of you, much of my time has been taken up with various responsibilities in the Cabinet, and that my attention to my duties as Leader of the Government in the Senate has been so irregular as to be episodic. Perhaps it is just as well, for Senator Doody has carried the extra burden you all know cheerfully and you all know how ably. You also know under what different political circumstances he has worked. In this most difficult situation, admiration and respect for him in this chamber has grown over the past seven years.

• (1520)

On October 2, I believe it was, Senator MacEachen, who has served as Leader of the Opposition for seven years, spoke very highly and very appropriately of Senator Doody's always constructive influence in this chamber.

Before the present government took office, Senator Doody's colleagues on both sides of the house expressed their confidence in him by making him Chairman of the Standing Senate Committee on National Finance. For the past seven years, he has been a pillar of the Standing Senate Committee on Internal Economy, Budgets and Administration, for part of that time as its vice-chairman. His experience in the Newfoundland government in six portfolios, including Finance, Energy, and Intergovernmental Affairs, has made him an extremely knowledgeable and extraordinarily valuable colleague to all of us.

Again, honourable senators, I want to express my profound personal gratitude to Senator Doody for his support and cooperation and for his great contribution to the Senate and to Parliament as Deputy Leader of the Government in this place.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, when Bill Doody gave what I believe from my research was his first speech in the Senate, this is what he said. I should say that it was an important debut because he was trying to persuade us to adopt a bill entitled Customs Tariff, The New Zealand Trade Agreement Act, 1932, Australian Trade Agreement Act, 1960, The Union of South Africa Trade Agreement of 1932.

He said: Honourable senators,.

After that, it says,

Hear, hear.

To which he said:

> I thank you for your kind consideration. I would ask you to bear with me and be tolerant as I walk very quietly and gingerly through these hallowed halls. I have recently come from a far less civilized forum, and it will take me a little while to become used to the indulgence of this illustrious Chamber. Any flaws or faults you can attribute completely to my ignorance.

About a year ago, I think he might have reconsidered those remarks. In any event, Senator Doody would have us believe that when he came to the Senate he was but an inexperienced newt—that's "newt," not "Newf"—from a small pond.

Well, we should have twigged right away. I think "twigged" is the right word. I looked it up to be sure.

> Twig: Understand, catch the meaning of, perceive, observe. 18th Century, of unknown origin.

In fact, of course Senator Doody was a very big fish from a combative legislative lake with the experience to mix it up in the turbulent deep waters of the middle or to lurk in the shadows feasting on unsuspecting prey.

He was not only a member of the Newfoundland legislature from 1971 to 1979, but he was a member who was Minister of Mines and Resources, Transport and Communications, Intergovernmental Affairs, Public Works, Industrial Development, Finance, and President of the Treasury Board. Were there any posts for which you were not responsible? I ask, how many posts are there in a Newfoundland cabinet?

• (1530)

Behind that "Jimmy Stewart, Mr. Smith Goes to Washington, aw shucks" style, was an experienced politician who knew how to survive many tough firing lines. I remember hearing the following comment made about someone, not kindly, obviously: "Behind that stupid, rude, bad-tempered boor, lies the animus of a stupid, rude, bad-tempered boor." Bill Doody is exactly the opposite. Behind that affable, good-humoured, intelligent exterior, lays the animus of an affable, good-humoured, intelligent gentleman.

Hon. Senators: Hear, hear!

Senator Frith: When we worked together he certainly started out with customary directness. He came to me as the House Leader of a party that had a majority in this chamber. He said, "I think we'll get along well if you understand two things. First, I can count; and, second, I can also fight, if necessary. That was the basis upon which we worked for seven years.

I do not know what kind of a grade we would get. However, personally, with customary immodesty, I think that when he and I were respectively house leaders looking after house business we should receive at least a passing grade.

I worked with him in this adversarial context over seven years, talking to him not daily but certainly every week of that period, and often more than once a week. Our relationship was

always in its context adversarial, but still friendly and growing in friendship as the years went by.

Of course, I will never forgive him his sins as a politician, but he never gave me anything to forgive him for as a friend. I admire him and I value that friendship highly. I am still trying to choke down one thing, and I must be honest. I ask honourable senators to pardon me my choice of adjective. I refer to that infamous vote during our absence. But my friendship with Bill Doody has grown so that I think I will be able to choke even that down.

I say thank you on behalf of our side for all the things you did to make this place work better. I am very glad you are staying. Certainly, our loss of you as House Leader will be the CPA's gain.

Hon. Senators: Hear, hear!

Hon. C. William Doody: Honourable senators, having listened to these very generous words I have come to the conclusion that maybe I am getting out while I am still ahead. I think that timing is very important.

There is an age-old and tired story that was attributed to Mr. Diefenbaker, as indeed most age-old and tired stories were attributed to him at one time or another. It seems there was an Irish wake somewhere in St. John's. The widow was sitting with her son receiving a stream of visitors who were constantly reminding her of what a lovely man her husband had been, and what a generous soul and a considerate and great citizen he had been. Eventually, she asked her son to go over to look in the coffin to make sure it was his father.

As I was listening to some of the things that were said about me today, I was wondering whether honourable senators had the right person in mind. In any event, I do want to thank all of you for your patience and tolerance during the past seven years. I cannot say it was all a piece of cake, but most of it was. It was a real pleasure and a learning experience. I have not learned it all yet. I plan to sit, watch and wait to learn a little more.

I particularly want to thank Senator MacEachen for his kind words of early October when I was not here, as well as Senators Roblin and Murray for their tolerance and patience with me over the seven years. I wish to thank Senator Murray for his accolades today, and Senator Frith whose friendship I value. If he forgives me for having voted, then so much the better. I am sure he will feel better for it—I certainly will.

Once again, my friends, I thank you all. We will work together for some time to come.

Hon. Senators: Hear, hear!

INSURANCE COMPANIES BILL
COOPERATIVE CREDIT ASSOCIATION BILL
TRUST AND LOAN COMPANIES BILL
BANK BILL

MOTIONS TO PRE-STUDY BILLS C-28, C-34, C-4 and C-19

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved:

[Senator Frith.]

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-28, an Act respecting insurance companies and fraternal benefit societies, in advance of the said bill coming before the Senate or any matter relating thereto;

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-34, an Act to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters, in advance of the said bill coming before the Senate or any matter relating thereto;

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-4, an Act to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters, in advance of the said bill coming before the Senate or any matter relating thereto; and

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-19, an Act respecting banks and banking, in advance of the said bill coming before the Senate or any matter relating thereto.

He said: Honourable senators, as agreed, Senator Poitras will lead off the debate on our side on Bill C-28. Whatever decision is taken on this particular motion will apply to the next three, on the understanding that the four motions which are on the Order Paper refer to the same subject matter, that is, the pre-study.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I did not think we had reached that exact agreement. I think what I had agreed to is that Senator Poitras would lead off on the first motion, and that depending on what happened Senator Frith would follow. The likelihood was that we could then deal with the others en bloc. I did not think I made that formal commitment, but simply left the likelihood that it might happen.

Senator Lynch-Staunton: I qualify that by saying that it is hoped that after the debate on the first item we can agree on the disposal, in an expeditious manner, of the following three.

Senator Molgat: Indeed, we now have a meeting of the minds.

[*Translation*]

Hon. Jean-Marie Poitras: Honourable senators, before going into detail about why we are calling for a preliminary study, I would remind honourable senators how important I think the four bills that we will have to consider will be for the country.

Legislation on all our financial institutions affects every citizen at some time or other; on these laws depend our economic health, both for the growth of our businesses and for our country's survival in international relations.

That is why I think we must attach great importance to these bills that we will have to approve later.

Less than a year ago, Parliament, the House of Commons and the Senate, voted to extend the Bank Act, which was to expire on March 31, 1991, until April 1, 1992.

Other legislation governing financial institutions like insurance companies and credit unions in our country has not been revised significantly in nearly 50 years. The Senate started to consider the financial industry with the federal government's 1985 Green Paper called "The Regulation of Canadian Financial Institutions—Proposals for Discussion".

This document set forth nine major principles to guide federal policy. These principles fall into three broad categories.

● (1540)

[*English*]

They are as follows: First, consumer protection and financial institution stability: improving consumer protection; ensuring the soundness of financial institutions, and the stability of the financial system; controlling self-dealing; guarding against abuses of conflict of interest.

Second, enhancing competition: promoting competition and efficiency; enhancing the convenience and options available to customers in the market place; broadening the source of credit available to individuals and businesses; promoting international competitiveness and economic growth.

Three, federal-provincial consideration: promoting the harmonization of federal and provincial regulatory policies.

[*Translation*]

All these principles have been considered by the Senate in various studies on the financial sector, including the 1985 report on deposit insurance, which coincided with the Green Paper; the 1986 report on the regulation of financial institutions, also in response to the Green Paper; and the 1990 report entitled "Canada 1992", on a national market in financial services, which discussed the impact of Canada-U.S. free trade on the financial community, how our institutions and regulators might be affected by Europe 1992, recent changes in provincial legislation and, finally, regulatory issues and federal-provincial relations.

Senators examined these issues in depth and formulated some important recommendations. With the substantial expertise at its disposal, the Senate has had a definite impact on the bills now being considered in the House of Commons, for instance, making a minority public float compulsory for all major financial institutions and enhancing ownership diversification across the four pillars of our financial system.

The present status of these bills is as follows. The trust company proposals were referred to committee some time ago in the other place. The bank bill was reported back to the House of Commons for third reading after only two days of consideration by the House of Commons Finance Committee. Many changes were made at the last minute. However, the bills on co-operatives and insurance companies have not yet been referred to the House of Commons Finance Committee. If we wait until the House of Commons finishes third reading of all the financial legislation and the Senate finishes second reading, the Banking Committee will have no bills to consider before the end of the year, and by that time the deadline for expiration of the Bank Act will be very close. This means the committee will have no time to make a thorough study of the reform proposed by the government.

We agree the government has made significant progress by establishing a framework that respects the principles set forth by the government in its Green Paper: consumer protection, promoting competition and promoting the stability of financial institutions. We are also pleased withthe thorough reform of the legislative and regulatory system governing federally-regulated financial institutions in this country. However, a number of minor adjustments will be necessary, adjustments that can only be made after careful consideration of specific details of these substantial bills.

To do so, we must take the time to consider the legislation and consult the parties concerned, which does not require lengthy hearings but rather a number of intense sessions during which the relevant expertise can be brought to bear on certain specific problems.

"Demutualizing" insurance companies is a very important point for mutual insurance companies, which provide about 50 per cent of life insurance policies in this country. In an increasingly competitive market, insurance companies need competitive access to capital to be able to serve their customers effectively. The insurance bill recognizes the fact that conversion of a company from its mutual form to a company with share capital may be a major opportunity for the company to have access to its own capital. The insurance bill was introduced in mid-June. At the same time, the Minister of State for Finance proposed a framework for demutualization. The insurance bill was not given second reading by the middle of this month and no final decision has yet been made on the legislative and regulatory form that demutualization will take nor on the allowed procedures, other than those suggested by the government in this appendix. That is a concrete example of an area where the Senate can make a substantial contribution, but only if enough time is allowed to carefully consider the details involved in demutualization and to hear the spokespersons from Finance and major interest groups outside government.

Honourable senators, that is only one area where the government is asking for responsible suggestions. The Senate Banking Committee can help the government constructively as we approach this stage of the reform process. Moreover, since the legislation will be reviewed in five years, we should ensure that all obstacles have been smoothed out so that the legislation is on the soundest possible footing. We have made worthwhile contributions in the past and it is therefore our responsibility to play a concrete role in the process. Only a preliminary study will enable us to do this work.

In summary, there are several reasons to have the committee consider the legislation on financial institutions before it is adopted by the House of Commons:

• (1550)

[*English*]

In summary, first, the committee has a proven track record in being able to provide the government with acceptable alternatives. Given that track record, the committee should be given a further opportunity to provide such useful guidance to the government. Only a pre-study will provide the appropriate time frame within which such guidance could be given.

Second, several new issues are being raised which have not received in the past the parliamentary scrutiny they deserve. Examination of the bills after second reading in the Senate may simply make it too late to rectify certain problems, since any amendment must return to the House of Commons.

Third, the parliamentary calendar is unpredictable. The committee might receive the bills individually, which would hinder an all-inclusive examination of the financial sector. Pre-study enables the committee to examine all aspects at the same time. This is, to me, the only approach that makes sense, given the weakening of the barriers among the financial pillars.

Finally, this package of legislation represents the federal government's latest attempt to reform the financial sector. This package represents the government's response to past criticism and suggestions which were the result, in large part, of detailed parliamentary examination. These pieces of legislation deserve the same detailed scrutiny.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, when pre-study of bills began in the Senate it was generally limited in its application to bills which were difficult and complex or where there were exceptionally serious time problems. Pre-study was also used to allow the Senate Committee on Banking, Trade and Commerce, which started this practice, to suggest amendments to the House of Commons in cases where the Senate would find it difficult to amend the legislation, for example, and understandably, certain tax bills. What was originally intended to have but limited application became the rule. Bills were referred to Senate committees almost as a matter of course as soon as they were introduced in the House of Commons. Bills were referred for pre-study, at times even before committees had held their initial organizational meetings.

I am bound to say at this point, since someone else will if I do not, that what I am describing did not take place solely under the present administration. In other words, you may read into my speech, as before, a certain, shall we say, bouquet of repentance.

As I said, bills were referred for pre-study, at times even before committees had held their initial organizational meetings. Let me recall what happened in 1986 under this administration with the parole and penetentiary bill. The dates are important. The bill was introduced in the House of Commons on June 27, 1985, and the subject matter was referred to the Senate Committee on Legal and Constitutional Affairs on December 17, 1985, approximately six months later. The House of Commons committee tabled its report in January of 1986. Nothing further was done with the bill in the other place until June of 1986. Meanwhile, the Senate committee held hearings through the winter and spring and tabled two interim reports. When the government presented the bill to the Senate on the last scheduled sitting day of the session, it demanded immediate passage. Senator Roblin spoke at length about how the bill had been pre-studied by the Senate committee and he used this to justify his request for instant passage.

When Parliament was recalled on July 24, 1986, Sollicitor General James Kelleher, who is now Senator Kelleher, stated:

> We delayed action on the Bill to allow the Senate to conduct and complete a pre-study of the Bill so that their suggestions could also be considered prior to third reading . . . The Senate never did get around to submitting a final report on the Bill, despite the personal pleas of my predecessor . . . who appeared before them on two occasions to plead with them to get on with the Bill and their completion of the study.

That is found at page 15013 of the *House of Commons Debates*.

Why should the Senate committee be asked to complete its work before the committee or the Senate ever receives the bill? How can the committee submit a final report when the bill has yet even to arrive in the Senate? Pre-study became so commonplace that the government apparently felt it quite proper to demand, as it did in that case, that the Senate committee conclude its examination of a bill before the bill was even introduced in the Senate.

We thought these questions to be more than rhetorical questions, and it was during that period that we began seriously to re-examine our view on pre-study.

Senator Murray's view of pre-study was at that time already on the record. On February 20, 1985, at the time of our disagreement over the borrowing bill, he said:

> I believe the Senate has usually done useful work with respect to legislation, to policy and to government spending and borrowing programs.
>
> Senators are familiar with the device of pre-study, by which we have an opportunity to suggest to ministers and to the government amendments that should be made in the legislation before it comes to us officially and formally. Senators are also aware that from time to time we take it upon ourselves to pass a bill about which we have some doubt, or about which we have reservations as to the process or principles involved. We pass a bill and we attach a narrative or commentary stating what we consider to be the proper course, and telling the government that we consider that changes should be made to the procedure in the future.

• (1600)

> All of these devices are used by the Senate precisely for the purpose of avoiding confrontation between this chamber and the elected house. These devices that have been used have been helpful and constructive; they have contributed to the legislative process, to policy development,

and to the welfare of this country. But it seems to me that the conduct of Liberal Party senators on this bill indicates that in the present Parliament they have decided to take the path of confrontation. They have decided to abandon the path of moral suasion vis-a-vis the government and the House of Commons. They have opted instead for the confrontational approach. I say that if they think they are going to repeat this performance on future bills coming before this body, they are signing their own death warrant—

Does Senator Nurgitz want to lead the applause?

Senator Nurgitz: I am dying slowly.

Senator Frith: It was six-and-a-half years ago that Senator Murray envisaged a non-confrontational Senate whose role would be limited to providing advice, suggestions, and sweet talk to the government. Of course, the pre-study technique fits nicely into that plan. It did not fit into our plan, nor, in my opinion, did it fit into the constitutional concept of two separate legislative bodies dealing with legislation consecutively and not concurrently. The Senate was set up for precisely the purpose of consecutively considering legislation from the House of Commons. That is not to say, however, that we refused all requests for pre-study.

On November the 26th, 1986, when the government requested pre-study on an emergency bill designed to deal with the imminent collapse of the Bank of British Columbia, Senator MacEachen, speaking for our side, said:

> If the Leader of the Government wishes leave to put that motion for pre-study, I think he will find that we will cooperate—
>
> The reason is that if we do not conduct a pre-study, at the end of the day tomorrow the Senate would have had no particular information, and the two days that are available would not have been used in getting the necessary information to deal with this particular crisis.
>
> If that other track were followed and we received the bill and began working on it only late tomorrow, then it is quite clear that we could not deal adequately with the bill by tomorrow evening and give it Royal Assent, which I think is the intention of the government.

When I opened my remarks on this motion, I observed that when pre-study of bills began in the Senate, the technique was generally limited in its application to bills which were difficult and complex or where there were exceptionally serious time problems.

This was the case of the B.C. bank bill, and for that reason we agreed to pre-study. However, this was one of the very rare exceptions to our policy.

This policy obviously frustrated some senators opposite. On July 6th, 1987, Senator Finlay MacDonald gave notice of an inquiry into "the practice of referring the subject matter of government bills to the appropriate Senate committees." Six months later, on January 28th, 1988, he asked that his inquiry, on which he had not begun debate, be withdrawn. He suggested that there might be better ways of speaking to the topic.

In the summer of 1988, on May 31st, Senator Murray requested a pre-study of Bill C-130, the legislation implementing the Canada-United States Free Trade Agreement. Senator MacEachen, speaking on behalf of the Official Opposition, observed that the request was, in effect, redundant, because the Foreign Affairs Committee had been given a mandate on November the 5th, 1987, "to examine and report upon elements of the Free Trade Agreement" itself. Senator MacEachen explained as follows:

> The committee is carefully following a particular work plan. That work plan is concentrating on certain areas of the trade agreement that are new; areas that are not normally covered in a typical trade agreement. The chairman of the committee has laid out this work plan, which has been approved, calling upon us to study, as it were, these new sectors of the agreement, of which energy is an outstanding example.
>
> The work program to which we have already agreed should be completed by the committee. Agriculture and trade in services, including financial services, are on our future agenda. These sectors need to be explored. They would not escape thorough examination even if the bill or the subject matter of the bill were presently before the committee. Although I would argue that there is a difference between the subject matter of a bill and the legislative text, I understand that the practice has been that, if the subject matter is referred to a committee, the legislative provisions themselves are frequently examined by Senate committees. In any event, the work that we are now doing is as valuable as if we had passed a pre-study motion, because the pre-study would involve these very sectors.

So this was a case where pre-study was already being carried out, though in a somewhat different form, and therefore is another exception to the policy that we had developed.

The government's next attempt was on June 9th, 1988, when Senator Finlay MacDonald moved that the Air Canada privatization legislation be pre-studied. His speech of that day was a most interesting examination of the entire concept of pre-study. He even presented the better-known arguments opposing pre-study, and I quote them with approval. On that day, Senator Finlay MacDonald said:

> Honourable senators, I recognize that it is a basic principle of British parliamentary procedure that a bill must be dealt with consecutively in both houses. There are some practical reasons for that. Why would one house bother to consider a bill introduced in another place and not yet adopted therein?

That is exactly what pre-study involves. To be pre-studied, we must be studying a bill which which the other place has not yet adopted.

> Why would one house bother to consider a bill introduced in another place and not yet adopted therein? Presumably, it would be a waste of time for this house to

> better a proposal that, in the final instance, was to be rejected

—or could be rejected. "Could be" are my words, not Senator MacDonald's—

> by the other. Hence, no house is to undertake pre-study of a bill introduced in the other without having been informed by message that the particular bill has been adopted in the house where it was first introduced.

If I may interrupt, that is what happens. Obviously that is what was intended by the Constitution, and that is what happens. The Speaker stands and says, "I have a message from the House of Commons about a bill that has been adopted in the other place." Not merely a bill they are thinking about adopting; not one that has just been introduced or talked about in the other place.

Continuing the quote from Senator Macdonald in June of 1988:

> Another disadvantage of pre-study may be that the exact contribution of the Senate to the legislative process becomes somewhat blurred, at least for the outsider, for there is no formal acknowledgement by the Commons of the senatorial input—a point put to me very strongly by Senator McElman.
>
> Another possible drawback is that the Senate could waste its time in suggesting hundreds of amendments to a bill that will never reach the floor of the Senate because the House will later reject it at third reading.
>
> These are all valid reasons, and it certainly might appear that they have found some favour recently by the majority in this chamber.

He is right about that.

The following week, on July 14th, 1988, I replied to Senator MacDonald's speech. I, of course, found favour with the arguments I have just cited and was somewhat less enamoured with the views he subsequently expressed in favour of pre-study which, it seemed to me, were contradictory to the points that he made and that I have just read. Nevertheless, I did express my admiration for the scholarship of his work, because he had given the matter a good deal of serious thought and study.

• (1610)

But, where scholarship is concerned, the final word must be given to Senator John Stewart, who, during the GST debate on November 29, 1990, launched a devastating and, in my opinion, lethal attack on the pre-study technique. His observation was not one of those raised by Senator MacDonald, but, rather, one based on a far more odious dimension to pre-study. His observation was that in the view of many, particularly in academic circles, the Senate had become a lobby from within. He cited a 1964 *Globe and Mail* editorial on proceedings of our Banking Committee and a 1978 book by Dr. Colin Campbell entitled: *The Canadian Senate: A Lobby from Within.* Doctor Campbell argued that pre-study was a form of covert lobbying. In a passage from the book, which Senator Stewart cited but which is worth repeating, Dr.Campbell says:

> By looking into the Senate at work on business review,

—and that is the subject matter of the pre-study motion before us—

> one looks right into the heart of Canadian liberal democracy. Here the business community applies subtle and not-so-subtle pressure for adaptations of government legislation to fit their viewpoint. Senators play crucial roles in the process. In a very real sense they are the lobby from within. They bargain and negotiate on business's behalf for amendments which are essential for a favourable financial and commercial climate. When the government refuses to accommodate certain business claims, senators can convey to business the "necessity" of the government policy.

I incorporate these quotations by reference, not with approval as saying that that is in fact what happens, but with definite approval that that is what a lot of people think happens.

Further in the same speech Senator Stewart quotes Dr. Campbell as follows:

> By studying bills before they reach the Upper House, the committee has kept a sharp eye on bills which affect business. This has been its greatest influence. Perhaps even more than the members of the Commons Finance Committee, the Senate Banking Committeemen, through astute use of expertise and privileges, have learned the art of political bargaining and are accomplished at negotiating with government representatives to gain their ends.

As Senator Stewart noted, Dr. Campbell's conclusion is that, "because of the sinister work done in pre-study by the Senate Committee on Banking, Trade and Commerce, the Senate as a whole deserved to be abolished".

There is no doubt that that has been an impression—an unfounded impression in my experience, but certainly an impression bolstered by the practice of pre-study.

I recommend to all senators, and particularly to all members of the Banking, Trade and Commerce Committee, Senator Stewart's remarks on November 29, 1990, particularly at pages 4487 to 4490.

I cannot say that the remarks of Dr. Campbell are inaccurate; I can only say in my experience that they are inaccurate.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Why quote them, then?

Senator Frith: A good question. Why quote them, says Senator Lynch-Staunton. I quote them because, as I have just said, pre-study, inappropriate as it is, being contrary to the spirit of the Constitution, becomes a tool in the hands of people that make these kinds of criticisms. Dr. Campbell uses pre-study to reinforce this image of the Senate as a lobby from within. He uses this practice of pre-study, which is not and should not be the normal function of the Senate, as an argument to support his thesis. That is why I quoted it.

Whether the observations of Dr. Campbell are accurate is not as important as the fact that a large segment of society shared his view that the Senate operated to protect and further

the interests of business, even at the expense of the good of the general population. These same people will find it no coincidence that the government's first big push at pre-study, namely, the one before us now, involves the referral of the four major pieces of legislation dealing with financial institutions to our Banking Committee. Cynics—not I, but cynics—will say that now that the Conservative government has a majority in the Senate it, together with business, is calling for "business as usual" in the Senate, namely, pre-study of these bills before they are even passed in the House of Commons.

We on this side of the chamber have a much different view of the modern Senate and we hold a much different view about the technique of pre-study. To accept the motions of the Deputy Government Leader is to accept the gradual regression of this institution and possibly to invite once again the scorn and cynicism which found expression in Dr. Campbell's book.

Senator Poitras has presented us with all the usual beguiling arguments in favour of pre-study—and there do exist arguments in favour of pre-study, but they have a pernicious effect and are in opposition to the spirit of the Constitution, the spirit of Parliament as it was set up and as it was expected to perform: Two separate houses dealing with legislation in their turn. There is the House of Commons, where most legislation is introduced then considered, amemded, rejected or accepted—dealt with in whatever way the House desires, and when and if they pass it, it comes to the Senate for consideration. Consecutive, after their decision is made, not expecting the Senate to be either a rubber stamp or as a body giving them pre-approval or considering their legislation before they have passed, amended, rejected or otherwise dealt with it.

For that reason we remain opposed to the technique and practice of pre-study because we think that it demeans this institution.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I want to take a few minutes only to comment on what has just been said. This is the third time in my hearing that excerpts from Professor Campbell's book on the Senate and on pre-study have been read into the record here. The first two occasions about one year ago were by Senator Stewart of Antigonish-Guysborough.

Honourable senators, I served on the Standing Senate Committee on Banking, Trade and Commerce under the late Senator Salter Hayden and under Senator Barrow. For several years I was chairman of that standing committee myself. That standing committee considered important tax legislation through the pre-study process because tax legislation is so very complex and Parliament, facing time constraints, could only have done its job properly and thoroughly by using the device of pre-study. In the pre-study of important and complex tax legislation we took professional counsel with lawyers and accountants. We were open to representations from all quarters.

● (1620)

I must say that Professor Campbell's book—much of which I have now read, and not just the excerpts that Senator Stewart and today Senator Frith have read into the record—is really a rather partisan and rather vicious polemic against the Senate and against honourable senators. His interpretation of the place of pre-study in our system, and of the purposes to which the pre-study device have been put in the Senate and by senators and by the Senate Banking Committee, is a totally inaccurate, unjust and unwarranted interpretation. It is an attack on all honourable senators who have taken part in that committee and it is a disservice to the Senate, in my view, to place those unwarranted interpretations and accusations on the record, as Senator Stewart and today Senator Frith have done.

Pre-study started in this place many years ago with the Standing Committee on Banking, Trade and Commerce. In my time here, legislation has been pre-studied by a number of other standing committees. The standing committees on Legal and Constitutional Affairs and the Standing Committee on Agriculture come to mind as two standing committees that have used the device of pre-study to good purpose.

It has been said from time to time that we use pre-study simply to meet the convenience of the government, or indeed the convenience of honourable senators, because so much legislation arrives in the Christmas rush or the pre-summer rush. The added interpretation has been placed on the record today by Senator Frith and earlier by Senator Stewart—the Campbell interpretation—an ideological one that there is some sinister, ideological purpose that is served by pre-study.

Honourable senators, essentially the device of pre-study is intended to try to reconcile the fact that we have a legislative role to perform, and yet in a modern democracy it is simply not justified for an appointed body to enter into confrontation with the elected body. Pre-study is a way of avoiding confrontation while making a useful contribution to the legislative and the political process.

I must say that in my experience here, serving as I did on various committees, I found it to be an extremely useful process, an extremely useful device and I say that from the perspective of one who has taken part in it both in opposition and as a supporter of the government.

We have, in recent reforms of the rules of the Senate, provided for a process to formalize the device of pre-study with the consent of honourable senators. Using pre-study does not preclude at all the rights of honourable senators to consider legislation in the normal process when it arrives here and to refer bills to committee—not at all—but it has proven itself over the years as a useful device in the parliamentary and the legislative process.

I am very happy that we are, I believe, in a position to begin using it again. The four bills that my honourable friend Senator Poitras has suggested should go to the committee are all bills that relate to financial institutions and to the regulation of financial institutions; the four bills are interrelated. It is all to the good that the Standing Senate Committee on Banking, Trade and Commerce should now, while it has some time to do so, consider those bills, the policy behind those bills and the subject matter of those bills in some detail and hear at

some length, not only from ministers prepared to defend the bills and other experts, but from those who may be opposed or have reservations.

There is no ideological or political exclusivity to the work of the banking committee, or any other committee, and in my experience in this place there never has been.

I urge the Senate to adopt the motion that the Deputy Leader of the Government has put forward to enable us to return to a practice which has proved its value in the Parliamentary, legislative and political process, namely, the practice of pre-study.

Senator Frith: Honourable senators, I have nothing further to say about the motion, but Senator Murray has accused me of doing a disservice to the Senate. If the basis for that is the fact that I put on the record of the Senate an attack on the Senate by an academic, I just want to make it clear that we certainly disagree on what a service and disservice is to the Senate. I am not so smug as to think that we ought never to put on the record of the Senate anything that attacks the Senate, justified or not justified. In fact, I think it appropriate to do so.

Hon. Douglas D. Everett: Honourable senators, I have some considerable reservations about the process of pre-study and I have had them for many years. I do not believe that pre-study really started with the Banking, Trade and Commerce committee. If recollection serves me correctly, it actually started with the Finance committee, at the time the Estimates were referred to the Finance committee, with the command to that committee that the Estimates be reviewed in advance of the receipt of the appropriations bill, which is the actual legislative matter that comes before the Senate and before Parliament in respect of financial appropriations.

The Finance committee did develop over the years a method of studying that was quite different from the House of Commons where the Estimates were referred to a number of committees. The Finance committee took the Estimates, made a global study of them and reported back to the Senate in advance of the receipt of the appropriations bill. At that time, the appropriations bill was not subject to debate, although later practice brought that into use. However, there was never a major debate on the appropriations bill. The discussion in the chamber took place over the report of the committee on the Estimates.

Senator Hayden, who one must remember was the Chairman of the Banking, Trade and Commerce committee for some 30 odd years, I believe, recognized the reality that was articulated by Senator Murray that this body has a legislative function but its appointed nature makes it somewhat difficult for it to confront the elected house. He invoked the concept of pre-study in which the Banking, Trade and Commerce Committee took complicated legislation and went over it prior to the bill being passed in the House of Commons. The results of that study were communicated to the Minister responsible for the bill in the House of Commons, and amendments were often made to the bill in the House of Commons so that it was acceptable to the Senate when it arrived here.

[Senator Murray.]

● (1630)

What you must remember about that process is that it was conducted by Senator Hayden, who first of all was a very wily politician, who was a great persuader, and who had the ear of the government of that day. Therefore, he made the process work. To my knowledge, there has not been a committee chairman or chairwoman since that time who has been able to make the process work in the manner that Senator Hayden did. The result is that pre-study is no longer what Senator Hayden saw, that is, an opportunity to influence the legislation in the Commons before it was passed by that body.

Pre-study has become a manner of getting Senate interference out of the way. The Senate committee to whom the bill is referred makes an academic study of the matter, reports to the Senate, very little or nothing happens in the House of Commons, and the bill comes to the Senate. Then the argument is postulated, "We have no need to refer the bill to committee, or if we do refer it to committee, refer it for a couple of days just to get it done and see that the form is adhered to." Then the bill as it came from the Commons is passed intact.

Senator Murray raises the problem, which is quite right, that we have a legislative function but we do not have the legislative validity of an elected house. However, we are in fact a sovereign body, and we ourselves have to decide what our duty is and what rules and methodology should guide us in the conduct of our business.

Some time ago, and I am going back a long way now, we had before us the wiretap legislation, and a bill was passed in the House of Commons and it was amended by the opposition at that time to provide that the person whose wire was being tapped had to be notified of that tap 60 days after its discontinuation.

● (1640)

When the matter came to the Senate, it went to the Legal and Constitutional Affairs committee and the Police Chiefs Association appeared and said, "This amendment is terribly dangerous because the kind of people whose wires are being tapped are usually people who are itinerant, like drug dealers. They move from place to place to place. What this legislation says is that if somebody moves, we discontinue the tap and we must notify them within 60 days that their wire was being tapped. This would be tantamount to telling them that they are being investigated, and they would act appropriately."

They pleaded with the Senate committee to take the amendment out by way of amendment. A report was made by the Chairman of the committee at that time, Senator Goldenberg, recommending that the amendment be deleted. The Senate accepted the report of the committee. The amendment was deleted and it went back to the House of Commons.

Generally, the government and even the opposition, which was Conservative at that time, agreed that it had been a mistake. They were ready to accept the Senate amendment, until Stanley Knowles got to his feet and said, "We cannot

allow the Senate to amend a House of Commons bill, no matter how right it is." The House of Commons agreed with that, refused the Senate amendment and sent back the flawed legislation. After a debate, the Senate knuckled under and the flawed legislation was passed to be corrected at a later time.

It seems to me the crux of the debate is this: Is Stanley Knowles right, that the Senate has no right to amend House of Commons legislation, no matter how flawed it may be? I say clearly not. The Senate has a right, and it has a duty.

There are reasons for pre-study, there is no question about that. In complicated legislation, as Senator Murray has said, pre-study is invaluable. In cases where there is a timeframe that cannot be met under the normal process, a pre-study is important. Even to try to understand legislation in advance of the bill coming to us is understandable. Yet, what is not understandable is to substitute the right and the duty of the Senate to deal with legislation passed in the other place, despite the fact that it may have had a pre-study. Senator Frith is right: What started out legitimately, what was to be something worthwhile, what was to be a process that moved legislation along at a reasonable pace and allowed us to deal and grasp some of the thoughts behind complicated legislation, and to allow input from knowledgeable people throughout the country, has now become a system of shunting the Senate aside.

I can guarantee honourable senators if this Senate becomes elected, as many of us in this chamber hope it will, a newly-elected Senate will not stand for that for one moment. It may, in terms of a complicated bill, want to pre-study it in the interests of moving the process along. However, do not kid yourselves that they will substitute that for the legislative right to overlook the bill that was passed in the other place.

I am not against pre-study. It is a process that has a great deal of validity. What I am against is what pre-study has become—an emasculation of the sovereign rights of this body. That, honourable senators, in my humble estimation is a dreadful mistake.

Some Hon. Senators: Hear, hear!

Hon. Sidney L. Buckwold: Honourable senators, I wish to make a few comments further to the proposals moved by Senator Poitras in a particular way as opposed to a general way, which proposals were responded to so ably by our distinguished leader, Senator Frith.

I refer now to the four bills that are being proposed to be pre-studied by the Banking, Trade and Commerce Committee. These bills involve the proposed legislation, Bill C-28, respecting insurance companies; Bill C-34, which deals with cooperative credit associations; Bill C-4, respecting federal trust and loan companies; and Bill C-19, respecting banks and banking. They are all very important pieces of legislation.

May I remind honourable senators that the Senate Banking, Trade and Commerce committee—and indeed this whole chamber—are not ignorant of the new directions which this legislation is taking. In October of 1989, the Banking committee proposed a study of financial institutions. We brought in a report in January or February of 1990 after a good deal of study—and I will go into that in a minute—in which, in a bulky document, a complete, thorough and, I think, scholarly review of all the legislation that we are now about to discuss in these proposed bills, was reviewed and reported on and certain recommendations made by this very same committee.

In other words, what I am saying to honourable senators is we are not going into this subject cold. A study has been made without the actual legislation; a study that invited witnesses from across the country—and I will go into that briefly in a few minutes—in which recommendations were made to the government, a government that was proposing legislation in this regard. From what I am led to believe, a good number of the recommendations were adopted in principle by the Department of Finance which brought in these new bills.

In other words, what is the purpose of this pre-study? We have already pre-studied. We did what a good committee should do, a committee which, as I say, agreed back in 1989 to do the very thing—because we had a sense of responsibility to this chamber and to the Canadian public—that was necessary, to conduct the review in order to enable the government to have our point of view on the proposed legislation.

The report of the committee started out by acknowledgements, if honourable senators will allow me to read a paragraph or two:

> In October, 1989, this Committee was instructed by the Senate to study and report on the future of Canadian financial institutions in a globally competitive and evolving environment and, in particular, on the ownership of such institutions.
>
> Over the period from late October to the end of January, the Committee heard from 26 groups of witnesses. In addition to the formal background papers associated with the hearings, the Committee received more than 40 further reports, speeches, technical papers and the like from concerned players. The Committee wishes to express its sincerest thanks for this participation and cooperation.
>
> In addressing these issues and in the preparation of the Report, the Committee has been very fortunate to have the advice and assistance of Mr. Thomas J. Courchene, Professor of Economics at the School of Policy Studies, Queen's University, and former Chairman of the Ontario Economic Council; and of Mr. Gérald A. Lacoste, former Chairman of the *Commission des valeurs mobilières du Québec* . . .

● (1650)

These are highly qualified professional experts who, along with our own research people, heard the witnesses, analyzed the results, and with the assistance and under the direction of the committee itself, prepared this lengthy report containing what I think are very solid recommendations. My question to Senator Poitras, who was the deputy chairman of that committee, is: What is the purpose of going through this exercise again? I am not talking now about the principle of pre-study. I

am talking about the four bills that you have asked the Senate to undertake to pre-study.

I could give a list, but I would not keep the Senate waiting, of the distinguished witnesses that were heard: the presidents of almost every bank, the presidents and chief executive officers of major insurance and trust companies, the credit unions, the Caisse Populaire. If you read that report, in fact, the work has basically been done, not in relation to the government legislation, but an overall picture of what Canada should be doing in order to develop a national market in financial services, which is what the legislation entails now.

Honourable senators, I say to you that insofar as these four bills—and I am limiting myself to those four without in any way endorsing pre-study—that study has already been done. The Senate will spend thousands of dollars again getting these witnesses back, getting the experts again, when in fact the review has been done, and the recommendations have been made. It would be a waste of time, energy, and financial resources to do a pre-study now on bills that have already had the careful perusal of the Standing Senate Committee on Banking, Trade and Commerce.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Atkins:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-28, an Act respecting insurance companies and fraternal benefit societies, in advance of the said bill coming before the Senate or any matter relating thereto;
>
> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-34, an Act to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters, in advance of the said bill coming before the Senate or any matter relating thereto;
>
> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-4, an Act to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters, in advance of the said bill coming before the Senate or any matter relating thereto; and
>
> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-19, an Act respecting banks and banking, in advance of the said bill coming before the Senate or any matter relating thereto.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

[Senator Buckwold.]

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will the honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

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

Honourable senators, it is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Atkins:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-28, an Act respecting insurance companies and fraternal benefit societies, in advance of the said bill coming before the Senate or any matter relating thereto;
>
> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-34, An Act to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters, in advance of the said bill coming before the Senate or any matter relating thereto;
>
> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-4, an Act to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters, in advance of the said bill coming before the Senate or any matter relating thereto; and
>
> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-19, an Act respecting banks and banking, in advance of the said bill coming before the Senate or any matter relating thereto.

• (1700)

Senator Phillips: Honourable senators, before the vote is taken, I believe rule 67(1) requires leave and the agreement of the whips to hold the vote earlier.

Senator Frith: It requires a previous order of the Senate.

Senator Phillips: Yes, and I would ask that the Senate give leave to dispense with rule 67(1).

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

Hon. Senators: Agreed.

Motions adopted on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins,	Lavoie-Roux,
Barootes,	Lynch-Staunton,
Beaudoin,	Macdonald
Beaulieu,	(*Cape Breton*),
Bolduc,	MacDonald
Carney,	(*Halifax*),
Chaput-Rolland,	Macquarrie,
Cochrane,	Marshall,
Comeau,	Meighen,
David,	Murray,
DeWare,	Nurgitz,
Di Nino,	Oliver,
Doody,	Ottenheimer,
Eyton,	Phillips,
Forrestall,	Poitras,
Grimard,	Ross,
Johnson,	Simard,
Keon,	Spivak,
Kinsella,	Teed,
Lang,	Tremblay—38.

NAYS

THE HONOURABLE SENATORS

Bonnell,	Lefebvre,
Bosa,	Lewis,
Buckwold,	MacEachen,
Cools,	Marchand,
Corbin,	Marsden,
Davey,	Molgat,
Everett,	Neiman,
Fairbairn,	Olson,
Frith,	Petten,
Gigantès,	Stanbury,
Graham,	Stewart,
Haidasz,	Stollery,
Hays,	Thériault,
Hébert,	Watt,
Leblanc (*Saurel*),	Wood—30.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: I declare the motions carried. Let the doors be opened.

A BILL TO AMEND CERTAIN STATUTES OF CANADA TO RECOGNIZE THE WAR-TIME SERVICE OF THE VETERANS OF THE CANADIAN MERCHANT NAVY

POINT OF ORDER—SPEAKER'S RULING SUSTAINED

The Hon. the Speaker: Honourable senators, I am now prepared to rule on Senator Marshall's motion on Bill S-5.

The Chair has reviewed the provisions of Bill S-5, an act to amend certain statutes of Canada to recognize the war-time service of the veterans of the Canadian merchant navy to determine whether this bill requires a royal recommendation and whether it can be properly introduced in the Senate. The Chair is satisfied that the original point of order by Senator Lynch-Staunton has been properly raised since it was made before the question had passed to a stage where objection would be out of place.

It is the opinion of the Chair that notwithstanding clause 15 of the bill, which states' "No payment shall be made out of the Consolidated Revenue Fund to defray any expenses necessary for the implementation of this Act without the authority of an Act of Parliament for such purpose", Bill S-5 falls into the category of measures which, according to our parliamentary tradition, requires a recommendation of His Excellency. It does not appear, therefore, to be procedurally in order.

[*Translation*]

I must say that in reviewing this matter, the Chair was faced with a serious and complex procedural problem. On a prima facie basis, it seems that Bill S-5, because it contains the above-quoted clause 15, is not in violation of our Senate Rules. Rule 82 states, and I quote:

> "the Senate shall not proceed upon a bill appropriating public money that has not within the knowledge of the Senate been recommended by the Queen's representative".

Clause 15 clearly denies any appropriation of public money for Bill S-5 until a further Act of Parliament is passed authorizing such expenditures. Thoughtful argument has been made that Bill S-5 does not contravene either section 53 or 54 of the *Constitutional Act, 1867*, since these sections, while placing restrictions on the other place, place no such restrictions upon the powers of the Senate to initiate bills of expenditure for novel purposes. These sections read:

> 53. Bills for appropriating any Part of the public Revenue, or for imposing any Tax or Impost, shall originate in the House of Common.

And section 54 says:

> 54. It shall not be lawful for the House of Commons to adopt or pass any Vote, Resolution, Address, or Bill for for the Appropriation of any Part of the Public Revenue, or of any Tax or Impost, to any purpose that has not been first recommended to that House by Message of the Governor General in the Session in which such Vote, Resolution, Address, or Bill is proposed.

In its report on *The Form and Use of Royal Recommendations*, the Senate Finance Committee noted, and I quote:

> Advice given to ministers that a royal recommendation must be attached to all bills having implications for current or future expenditure would seem to go beyond the provisions of section 54.

Based on this interpretation of Rule 82 and of sections 53 and 54 of the *Constitution Act*, the Chair concedes that a strong case could be made regarding Bill S-5's procedural acceptability.

[*English*]

However, after carefully reviewing the parliamentary authorities, the Chair has concluded that this interpretation of the general rules and practices of financial procedure is much too narrow. Our parliamentary tradition, strictly adhered to over many years, consistently indicates that bills emanating from private members which bind the House to future legislation appropriating monies is not in order in either Chamber of Parliament.

● (1710)

The Chair does not agree that the concept "the financial initiative of the Crown" emanates solely from Standing Order 80(1) of the House of Commons. Bourinot, Fourth Edition, page 407, refers to it as a "constitutional obligation" and writes that "No principle is better understood than the constitutional obligation that rests upon the executive government of alone initiating measures imposing charges upon the public exchequer." Erskine May, 21st edition, page 691, defines the financial initiative of the Crown as "the long established and strictly observed rule of procedure, which expressed a principle of the highest constitutional importance, that no public charge can be incurred except on the initiative of the Crown . . . ."

Bourinot's Procedures and Practices notes that, with respect to its financial procedures, the British House of Commons has historically been more strict than the Canadian Parliament. The United Kingdom Standing Order specifically states that "this House will receive no Petition for any sum relating to Public Service or proceed upon any Motion for a grant or charge upon Public Revenue, whether payable out of the Consolidated Fund or out of moneys to be provided by Parliament, unless recommended from the Crown." Although the Canadian Parliament's Standing Orders are not as definite and do not go as far as those of the United Kingdom, Bourinot infers they are substantially the same and that invariable practice under numerous decisions of Canadian Speakers has been to interpret section 54 of the *Constitution Act* in terms of the Standing Orders of the British House. I refer Honourable Senators to pages 406 and 408 of *Bourinot's* Fourth Edition.

[The Hon. the Speaker.]

Even the 1990 report of the National Finance Committee notes that "the Canadian House of Commons apparently has chosen to bind itself by this British rule . . ." (p. 7)

[*Translation*]

In the opinion of the Chair, despite its words to the contrary, Bill S-5 represents a charge upon the public revenue because it proposes relaxing the conditions, objects and purposes of existing statutes to which spending authorization of the Crown had previsouly been given. With great respect, I must state, as other Speakers have done in similar circumstances, that the simple incorporation of a clause denying any appropriation of funds is not an acceptable way of eluding the requirement for a royal recommendation where it is required.

If Bill S-5 were enacted, it would seem that many Canadians, including the merchant seamen of Canada during World War II, and their spouses, would feel that Parliament is obliged to directly appropriate monies to provide the benefits promised by the bill, since the bill amends the appropriate categories of the *Pension Act* and the *War Veterans Allowance Act* to include war-time Canadian merchant sailors. It seems clear to the Chair that the provisions of Bill S-5 represent liabilities to the Crown. Erskine May, 20th edition, states at page 797, "A charge is also involved by any proposal whereby the Crown would incur a liability or a contingent liability payable out of money to be voted by Parliament". On these grounds, Bill S-5 requires a royal recommendation.

[*English*]

The Chair is well aware of citation 611 of *Beauchesne's* 6th edition, page 185, which states "A bill from the Senate, certain clauses of which would necessitate some public expenditure, is in order if it is provided by a clause of the said bill that no such expenditure shall be made unless previously sanctioned by Parliament." In my opinion, citation 611 is not relevant in this instance. Citation 611 refers only to "certain clauses" of a bill necessitating some public expenditure. This is not the case regarding Bill S-5. The whole purpose of Bill S-5 and most of its fifteen clauses involve public expenditures.

Since Bill S-5 infringes upon the financial initiative of the Crown and therefore requires a royal recommendation, and since Rule 82 of the *Rules of the Senate* states "The Senate shall not proceed upon a bill appropriating public money that has not, within the knowledge of the Senate been recommended by the Queen's representative," it is not in order. I therefore direct that the order for second reading of Bill S-5 be discharged and that it be removed from the Senate Order Paper.

Hon. Jack Marshall: Mr. Speaker, with due respect, I appeal your ruling.

Hon. Royce Frith (Leader of the Opposition): We would also appeal the ruling, with due respect.

Hon. Lowell Murray (Leader of the Government): I think you should put the question first, should you not?

Hon. Orville H. Phillips: Honourable senators, I think there is agreement on both sides that we suspend rule 671 and hold the vote.

Senator Frith: We just need to apply it, or we agree to an order under that rule.

Senator Phillips: I would suggest that the vote be held now. Perhaps the opposition whip would prefer five minutes. That is his prerogative.

Some Hon. Senators: Now!

Senator Phillips: Honourable senators, the vote should proceed now.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (1720)

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

Speaker's ruling sustained on the following division:

YEAS

THE HONOURABLE SENATORS

Baroutes,	Lavoie-Roux,
Beaudoin,	Lynch-Staunton,
Beaulieu,	MacDonald
Bolduc,	(*Halifax*),
Carney,	Macquarrie,
Chaput-Rolland,	Meighen,
Cochrane,	Murray,
Comeau,	Nurgitz,
David,	Oliver,
DeWare,	Ottenheimer,
Di Nino,	Phillips,
Doody,	Poitras,
Eyton,	Ross,
Forrestall,	Simard,
Grimard,	Spivak,
Johnson,	Teed,
Keon,	Tremblay—34.
Kinsella,	

NAYS

THE HONOURABLE SENATORS

Atkins,	Lefebvre,
Bonnell,	Lewis,
Bosa,	Macdonald
Buckwold,	(*Cape Breton*),
Cools,	MacEachen,
Corbin,	Marchand,
Davey,	Marsden,
Everett,	Marshall,
Fairbairn,	Molgat,
Frith,	Olson,
Gigantès,	Petten,
Graham,	Stanbury,
Haidasz,	Stewart,
Hays,	Stollery,
Hébert,	Thériault,
Lang,	Watt,
Leblanc (*Saurel*),	Wood—33.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: Honourable senators, I declare the ruling sustained. Let the doors be opened.

Senator Phillips: Honourable senators, before the adjournment motion is put I should like to pay tribute to Senator Marshall and his work on behalf of veterans.

Hon. Richard J. Stanbury: It is a little late for that.

Senator Phillips: I think he has done a great service to them by introducing this bill.

Senator Frith: Do you want to change your vote? It could be important.

Senator Phillips: The House of Commons—now a year later—has followed his recommendation and made a recommendation to the government that they consider introducing legislation to achieve what Senator Marshall is attempting to do here.

I should also like to tell honourable senators that there are approximately 78,000 veterans receiving pensions from World War II. Senator Marshall has intervened on behalf of several thousands of them. The Senate should be aware of the extra amount of time and effort that he has put in on behalf of them.

Senator Frith: Do not push us too hard. As they say, "Don't throw tributes; throw votes."

BUSINESS OF THE SENATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have a few remarks to make for the purpose of preparing for the adjournment motion to be moved by my friend, the Deputy Leader of the Government.

The situation is as I described it earlier today with regard to the labour dispute at Canada Post.

Notice has been given of legislation in the other place. I do not know if or when that legislation will be debated, or when it will be passed. If they proceed, it is likely that they will not do so before Monday next. Therefore, the prudent thing for us to do is to adjourn until November 5, it being understood that there will probably be a telegram going out to honourable senators early next week advising you to return Wednesday, or whenever the bill will be coming to us.

If a miracle happens and the parties involved reach an agreement and legislation is unnecessary, then I will consult with His Honour, the Speaker and with the Leader of the Opposition. We will consider the likely agenda for the Senate and decide whether to come back on November 5 or at some later date. We can invoke the new rule that was passed some months ago, which enables us to put off a sitting of the Senate by agreement if there is no business for us to attend to.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on the question of the postal legislation I heard today that, although the mediator, Judge Gold, had said that he would not participate any further in mediation, the two parties still wanted to talk, each of them so declaring; and that Mr. Parrot said that the question of a strike was out of the question at the moment because they wanted to pursue their talks, which had brought them very close to agreement.

● (1730)

I would like to understand whether we are talking about legislation to force postal workers back to work when they are not on strike, so there would be nothing to force them back to work on, or whether we are talking about some other form of legislation such as an enforced collective agreement.

On the question of the rule that permits the Speaker to postpone or override a decision of the Senate as to adjournment, I am very opposed to that rule. It presently provides that the Speaker can do so after consultation with the leadership. What we have is equivalent to the old business of the King dismissing Parliament.

An Hon. Senator: Oh, oh!

Senator Frith: Do you think that is a joke? The rule is what is a joke, Sir, not what I am saying about it, and it is a very bad joke because it uses the words "it should." I could consider such a rule more positively and could participate in the application of the rule if it stated that it was subject to approval. It is not subject to approval; it is subject only to consultation. It means that the Prime Minister or the government can tell the Speaker of the Senate—and I am saying whatever Prime Minister or whatever government—that "I don't want the Senate to come back. I don't want them around." The application of that rule would mean that the government could tell the Senate, "You have adjourned to November 5, 1991, come back after Christmas, or sometime in 1992 or 1993."

I will not participate in the application of that rule until it is changed to provide for approval, and not simply for consultation. If there is a further postponement under the terms of that rule, when we ever do come back, I will object strenuously to an order of the Senate having been overridden by the Speaker, who would have only consulted and not sought and obtained the approval of the Senators or the leadership in the Senate.

But back to my original point—I would like to know what form of legislation the Leader of the Government believes is required in the present context when both parties say that they want to continue negotiation and the union leader says that a strike is out of the question at the moment.

Senator Murray: Honourable senators, first of all, this dispute has been going on for more than two years. There have been scores of meetings by a conciliation board. There has been a conciliation report. For the past six weeks there has been an attempt at mediation by one of the most respected mediators in the country, Judge Gold, who has told us and the Canadian people today that while progress was made, the mediation efforts have been unsuccessful and that he does not see any possibility of a negotiated settlement.

Senator Frith: But the parties do.

Senator Murray: The parties are meeting. Fine. We have given notice that we will bring in legislation. The type of legislation will depend on the circumstances. If it is a matter of ending a strike or a lockout, if one or the other occurs, then the provisions of the legislation would be pretty obvious to everyone. It could be that it will be legislation simply to continue the operation of the post office and to impose a settlement in respect to the unresolved issues.

Senator Frith: Even in the absence of a strike?

Senator Murray: Even in the absence of a strike.

Senator Frith: And while they are operating and we are getting our mail?

Senator Murray: Honourable senators, as I say, the parties have had over two years to come to an agreement and the honourable senator should understand—

Senator Frith: But they are still delivering the mail.

Senator Murray: The honourable senator should understand the situation—

Senator Frith: I understand perfectly.

Senator Murray: —in which the post office is placed financially by the cost of all the standby arrangements that have had to be made because of the lack of a contract between the two parties, and the fact that the public will simply be held at ransom, as it were, awaiting the timing of one party or the other.

The government believes that if progress is not made soon we shall have to act to ensure that there will be a continuation of postal services and that they will not be simply interrupted at any time. There are cheques going out to social recipients and various other considerations.

Senator Frith: Yes, they are going out. They are not being held up.

Senator Murray: Well, timing is everything. The honourable senator can debate the legislation when and if it comes.

I have been trying to take the Senate into our confidence as much as is possible under the circumstances. I could simply ask to adjourn the house until Monday or Tuesday, if honourable senators want that. I thought it was more prudent to adjourn until November 5, there being no business other than the possibility of—

Senator Frith: That's fine. There is no objection to that.

Senator Murray: —of back-to-work legislation coming before us. However, I am suggesting that we adjourn until November 5—

Senator Frith: That's fine.

Senator Murray: —it being understood that, if necessary, honourable senators will be summoned back.

Senator Frith: As always.

Senator Murray: With regard to the second matter, let me advise honourable senators so that there is no misunderstanding of what I intend to do: If we do not have to come back here before November 5 and if, as November 5 approaches, I find that there is no likelihood of sufficient business coming from the House of Commons to occupy us, it would be my intention to consult with the Speaker and to consult with the Leader of the Opposition as to whether we should put off the resumption of our sittings here for another week or another two weeks, or whatever. If the Leader of the Opposition refuses to take part in that process, then we will solemnly troop back here on November 5 with nothing to do, but that will have been his choice, not mine.

Senator Frith: Quite possible. I agree. But anything is preferable to the application of that iniquitous rule.

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, November 5, 1991, at two o'clock in the afternoon.

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

Some Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, November 5, 1991, at 2 p.m.

CONTENTS

Wednesday, October 23, 1991

PAGE

Senators' Statements
Senator Murray 474

China
Flood Damage—Contributions of Canadians. Senator Carney ... 474

Bulgaria
Mission to Observe National Elections. Senator Graham 474

Railway Act
Bill to Amend—Report of Committee. Senator MacDonald 475

Banking, Trade and Commerce
First Report of Committee Presented. Senator Poitras 475

Business of the Senate
Senator Murray 476

Transport and Communications
Committee Authorized to Meet During Sitting of the Senate. Senator MacDonald 476
Senator Molgat 476

QUESTION PERIOD

Agriculture
Federal Support for Grains and Oil Seeds—Government Position. Senator Olson 476
Senator Murray 477

Canada-United States Free Trade Agreement
American Duty on Live Hogs. Senator Molgat 478
Senator Murray 478

External Relations
Canada's Foreign Aid Tied to Record of Human Rights Treatment—Statement by Prime Minister—Request for Clarification. Senator Stanbury 478
Senator Murray 478

National Defence
1st Canadian Division—Present Status. Senator Molgat 478
Senator Murray 479

Answers to Order Paper Questions Tabled
Justice—Cost of Charles Ng Extradition Proceedings. Senator Lynch-Staunton 479
Canadian Council on Firearms—Status of Membership. Senator Lynch-Staunton 479

PAGE

Agricultural Products Marketing Act
Bill to Amend—Second Reading. Senator Forrestall 479
Senator Hays 480
Senator Olson 482
Referred to Committee 482

The Honourable C. William Doody
Tributes to Former Deputy Leader of Government. Senator Murray 482
Senator Frith 483
Senator Doody 484

Insurance Companies Bill
Cooperative Credit Association Bill
Trust and Loan Companies Bill
Bank Bill
Motions to Pre-Study Bills C-28, C-34, C-4 and C-19. Senator Lynch-Staunton 484
Senator Molgat 484
Senator Poitras 484
Senator Frith 486
Senator Murray 489
Senator Everett 490
Senator Buckwold 491

A Bill to Amend Certain Statutes of Canada to Recognize the War-Time Service of the Veterans of the Canadian Merchant Navy
Point of Order—Speaker's Ruling Sustained. The Hon. the Speaker 493
Senator Frith 494
Senator Murray 494
Senator Phillips 494
Senator Stanbury 495

Business of the Senate
Senator Murray 496
Senator Frith 496

Adjournment
Senator Lynch-Staunton 497

Appendix
Officers of the Senate, the Ministry and Members of Senate and Joint Committees i

Porgress of Legislation xviii

THE SENATE

Tuesday, October 29, 1991

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

Prayers.

BUSINESS OF THE SENATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, may I ask your indulgence for a moment while I make a brief statement about the business before us today and in the foreseeable future.

When last we met, I had indicated that there was a strong possibility that we might be called back to this chamber to deal with legislation concerning the postal dispute. Efforts to resolve that dispute, as recently as last weekend, proved unavailing and, as a result, the House of Commons now has before it Bill C-40.

I had anticipated that that bill would have been disposed of by the House of Commons before 2 o'clock today, which is why I asked His Honour the Speaker to set 2 o'clock as the time of resumption of our sitting. However, it now appears that the vote on third reading in the House of Commons will not take place until 3 o'clock; that is, the division will take place at 3 o'clock. The division normally takes about 10 minutes. Therefore, sometime between 3:00 and 3:30, on the assumption that the bill passes the House, I would expect the message to the Senate from the House of Commons concerning that bill.

The usual discussions have taken place between the parties in the Senate. It has been agreed that we would proceed immediately to second reading of that bill and then to Committee of the Whole. It is the intention to call, as witnesses, the Minister of Labour and to invite representatives of the Canadian Union of Postal Workers and of Canada Post to testify before the Committee of the Whole this afternoon. If all goes well, I would be seeking permission from the Senate to proceed with third reading following the deliberations of the Committee of the Whole. I would hope to have Royal Assent before 6:30 this evening.

Honourable senators, there are several other bills coming before us that have completed the committee stage. Two of them will, I am advised by our friends opposite, need somewhat further scrutiny at third reading; that is to say, Bills C-11 and C-8. Therefore, when those committee reports are presented today, we would propose third reading debate be put off until a later date.

With regard to Bills C-16 and C-23, we intend to ask leave to proceed with third reading today. If that is granted, then we would proceed to Royal Assent, and it would be the intention of my friend, the Deputy Leader of the Government, to move that the Senate adjourn until November 19th.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I cannot add anything useful to what the Leader of the Government has said about today's work, but my colleague, the Deputy Leader and the House Leader may have something to say about the specific pieces of legislation.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, dealing first with the question of the four bills that will be reported back, with respect to Bill C-23, to amend the Canadian Wheat Board Act and Bill C-16, to amend the Agricultural Products Marketing Act, these bills were debated on second reading here. They then went to committee. I understand that there were no great controversial items raised at the committee stage. In keeping with what has been the practice for some time, namely, the fact that we expect to have Royal Assent later today and that these two bills are not controversial, we are prepared to give leave to proceed with those two bills today.

With respect to the other two bills, namely Bills C-8 and C-11, unfortunately we were unable to obtain the transcripts of the committee meetings that were held last week relating to those two bills. I should like to see those transcripts, as would my colleague, Senator Corbin, on Bills C-11 and C-8. As agreed, we will defer those until we meet next time.

With respect to Bill C-40 and the whole procedure on the back-to-work legislation, the Leader of the Government has put our position clearly, namely, that we are prepared to give leave to proceed. If all goes well at the committee meeting, as I expect it will, we could then proceed later with the further stages. But that is on the premise that all goes well at the committee stage.

However, I want to make a general observation on this whole system of calling the Senate back on very short notice. This puts senators who do not live in Ottawa, or within easy travelling distance from Ottawa, in a very difficult position. There could be circumstances where there might be an issue of major regional importance but senators from Atlantic Canada and western Canada, for example, would be prevented from participating in a debate and voting on issues that could be crucial to them. I make a plea for the future to try and have as much time as possible when we have recalls of the Senate to ensure that all the regions of the country have a chance to express their opinion.

There is a further problem, although not as important as this one, namely, the question of attendance of senators. It is impossible for certain senators to be here today. If we do not sit tomorrow, as is the expectation, there will be some senators

who, try as best they might, simply will not be attending a session through no fault of theirs at all, yet on the attendance register it would be indicated that they were not present. That is another issue that we should look at. I hope that the Rules Committee can look at that issue for future reference.

The important thing is the fact that, due to these quick recalls, certain of our senators in certain regions of our country are prevented from participating in issues of national importance.

We give leave today, but I want to make it clear that that is not necessarily a blanket leave for the future on these quick recalls.

[*Translation*]

THE HONOURABLE FERNAND-E. LEBLANC

FELICITATIONS ON THE OCCASION OF HIS NOMINATION AS A FELLOW OF THE ORDER OF CHARTERED ACCOUNTANTS OF THE PROVINCE OF QUEBEC

Hon. Jacques Hébert: Honourable senators, I want to bring to your attention the fact that one of our colleagues, Senator Fernand Lablanc, the distinguished chairman of the Standing Committee on National Finance, was just granted the highest honour bestowed upon a chartered accountant. Indeed, the honourable Senator Fernand-E. Leblanc is now a fellow of the Order of Chartered Accountant of the province of Quebec.

[*English*]

THE HONOURABLE SIDNEY L. BUCKWOLD

NOTICE OF RETIREMENT

Hon. Royce Frith (Leader of the Opposition): Honourable senators, next week will be a week that includes an important date for one of us. November 3, 1991, will be the 75th birthday of Senator Buckwold. If the plans that have been outlined by the Leader of the Government and the Deputy Leader of the Government evolve as predicted, Senator Buckwold will, today, be attending his last session of the Senate under the terms of the Constitution of Canada.

● (1410)

I think that we shall all want the opportunity to prepare tributes to our colleague, certainly one of the most famous and one of the most—

Senator Haidasz: Colourful.

Senator Frith: I intend to save my adjectives for the tributes—

Senator Haidasz: Distinguished.

Senator Frith: —but he is certainly one of the most beloved senators in the history of Canada.

Since he may not be here at the next sitting and may have to read our tributes, I thought that he might want to use this occasion to leave us some words of wisdom.

Hon. Sidney L. Buckwold: Honourable senators, I thank our revered leader for the compliment about words of wisdom. I remember some famous man being quoted as having said: "I have been rich and I have been poor, and, believe me, it is better to be rich." I could add that I have been in the Senate in good days and I have been here in bad days, and, believe me, it is better to be here in good days. I would like to think that today is one of them.

I really was not prepared to give my "obituary" at this point. Usually one likes to be inspired by the words of wisdom—I use that word advisedly—that flow from one's colleagues, usually mostly untrue but flattering, and that give one the impetus to prepare an address that will go down in history as the last, unforgettable, statement of a retiring senator.

I remember not long ago, by the way, that I was introduced at a dinner where the chairman said: "The senator is a very fine speaker. I heard him give a speech a month ago; it was an unforgettable address. I can't remember what he said, but it was unforgettable." I am sure this is the type of speech that will fit into that category very well.

I have had the privilege of being in this chamber for 20 years, almost to the day. It does not seem that long, to me at least, although it may be to some of those on the other side. I have enjoyed not just the work of the Senate but perhaps more especially the opportunity to be with my colleagues from all parties who have always been friendly, fair and decent, and even encouraging, although there have been occasions when that, perhaps, does not quite ring true. However, it was not because of a lack of sincerity on the part of any of us.

I well recall being brought into the Senate on the arm of one of my idols, namely, Senator Croll. With me at the time were Senator van Roggen and Senator Goldenberg. We were the three. Senator Bonnell was supposed to be with us but he came in a week or two later.

Senator Goldenberg was just a great fellow. I remember shortly after he came into the Senate, Senator Goldenberg told me that he was approached by someone in Montreal who said, in congratulating him, "I know that I will never be able to be a senator. Perhaps you could make me an assistant senator." And Senator Goldenberg, in his usual sort of self-deprecating, personal way, said, "Impossible. There is nothing lower than a senator."

Honourable senators, that is not quite the case. The fact is that in spite of what you might read in some of the newspaper or magazine articles, for the past 20 years there has been a very important role for this chamber, and believe me for the next 20 years we will have a much more important role.

I wish some day someone would write the really true story of what goes on in an active senator's life, one who takes his duty seriously and is prepared to make the sacrifice to be present as often as possible and to perform his duties respecting his own region as best he can. I would like to think that I have tried to meet those standards.

I think that I can honestly say that in most cases I have felt that I represented the views of my region. I know I was not very popular when I personally opposed the National Energy Program, but I felt that was the duty of a senator from

Saskatchewan where some of us felt we had been adversely affected. There are many other occasions when that type of thing goes on in this chamber.

I think the public does not realize that an active senator, especially from perhaps more remote areas, is very much part of his local scene and is very often as busy as an average MP. Certainly in the days when Saskatchewan had no elected members of the government of the day, senators from that province played an important role in being able to represent the views of their people to the government of the time. With all due respect to our Tory friends, Senator Buckwold was sent out to open every post office and every old folks' home and every senior citizens' residence and every new industry out of which we could possibly get some political mileage. We earned our keep. Over and above that, the correspondence would be, I think, as voluminous as that of most MPs in meeting the needs of our constituents in our respective provinces.

Honourable senators, you are looking at a great supporter of this institution. I have said before publicly, and indeed in this house, that a country like Canada has to have a second chamber. I think I have even convinced my NDP friends. They, at one time, wanted to eliminate this second chamber and move into a unicameral form of government. With the problems of our regions, to limit the government of Canada to one chamber controlled by the so-called tyranny of the majority would be a serious disaster. Under that system, the prime minister really is probably the most powerful political leader in the free world unless there is some counterbalance of a chamber of this type with its responsibilities and areas of control. That is absolutely essential for the future well-being of this country, and I think that is recognized now by everyone. We do not hear too much about abolishing the second chamber.

I have to tell you, as many of you know, that I was very active, almost from the day I got here, in advocating an elected senate. Some honourable senators will remember a trip to Australia that was taken, I think I can say, as a result of representations that I made to the Prime Minister of the day that we should take a serious look at the model of the Australian Senate. I was given the opportunity to go because it was a suggestion of mine. In fact, a committee of the Senate went to look in detail at the operations of that second chamber. I think all of us came back convinced that, with some modifications to meet our needs, we could have a Triple E Senate as the Australians have—equal, elected and effective—working under a parliamentary system of government rather than a presidential one.

• (1420)

As I have said before, I asked our friends in the government to look carefully at that model of the Australian system. We hear it referred to generally in a distant way, but no one is zeroing in on, and looking at, how it works. I respectfully suggest to the Leader of the Government that that model be reviewed again to see whether it meets the aspirations, especially of those of us from western Canada who feel it is important that we have such representation.

[Senator Buckwold.]

For a fellow who did not intend to say a word, this is moving along quite well. Sometimes the longest speeches are the ones that are not prepared.

I want to take this opportunity to thank everyone. As I have said, we have had our good days and we have had our bad days. As a matter of fact, I was just thinking that approximately a year ago to this very day was not one of our better days, but that is history and someday someone may write a comedy about it, I am not sure.

Senator Gigantès: A tragedy.

Senator Buckwold: No, I said a comedy.

To those of you who have helped, to the leaders of the government, to the leaders of the opposition, to all of my colleagues, to members of the Senate staff who have always been so helpful, and in particular to my own secretaries who have always been reliable and available at any time for their duties, I wish to thank you. You have all made it a very pleasant 20 years. It is almost a shame that it has to end.

I recall a famous cartoon by McPherson in 1965 when the rule regarding lifetime appointments was changed. The cartoon depicted two elderly senators in the reading room. The viewer could not see their faces, only the high-backed chairs showing the senators' gnarled hands on the armrests. Underneath, the caption read, "Sir John A. didn't tell us that this would be temporary employment." I guess it is temporary, but, as I say, for a temporary job it has been very exciting and very meaningful.

To all of you again, thank you for your courtesies. Thank you for your friendship. I hope that whenever you are out in that wonderful part of Canada, namely, Saskatoon, Saskatchewan, you will come and visit. Bring a loaf of bread because things are a little rough out there, and your snowshoes because it has been snowing.

May I conclude by saying that, although I am out of the battle as far as the Ottawa scene is concerned, I hope, along with all of you, to continue to give my very best to maintain this country as we know it. If there is ever a sadness that creeps into anything that I do—and I usually find the fun in life—it is to see what is happening to Canada, this finest piece of the world's geography. Knowing as we do that this country is one of God's great creations, we yet somehow seem to allow it to slip through our fingers. Somehow, we must manage to keep it together from sea to sea as we have known it in the past, and as I hope we will know it in the future.

Thank you again, all of you. God bless you and good health.

[*Translation*]

OUTSTANDING MONTREALERS

GALA TO HONOUR WINNERS

Hon. Paul David: Honourable senators, last Thursday I presided the Gala to honour outstanding Montrealers.

I want to give you, in alphabetical order, the names of the three persons who were honoured on that occasion, three outstanding Canadians and three outstanding Montrealers indeed. The first one is Mr. Raymond Cyr, president of Bell

Enterprises. The second is Mrs. Antonine Maillet, who now lives in Montreal, a famous novelist, the author of remarkable pieces on Acadia which comes to the fora in all her novels and plays.

Finally, the honourable Jeanne Sauvé, well known to us as a parliamentarian and a former Governor General.

Thank you, honourable senators.

[*English*]

SWITZERLAND

STATEMENT ON CONSTITUTION

Hon. Philippe Deane Gigantès: Honourable senators, earlier this year, the Senate made it possible for me to visit Switzerland in order to look at its Constitution. The Swiss people told me they have problems: they can no longer convince the young to join the yodelling clubs or the village brass bands. Otherwise they seem to manage their constitutional affairs by using a degree of decentralization that should be instructive.

All legislative power in Switzerland resides with the cantons, their provinces. They have delegated four jurisdictions to the federal government—maybe by coincidence the same four jurisdictions which Mr. Allaire suggested. They have since installed a federal old age security plan, the only other safety-net being a full employment policy.

There are rich cantons and poor cantons. The richer cantons do not delegate any of their authority to the federal government; the poorer cantons do. The richer cantons are prepared to pay taxes to allow poorer cantons to have services roughly comparable to those of the rich cantons.

The government is decentralized. The French-speaking cantons say they would not think of joining France, because some prefect from Paris would come and run them. They have so much independence that it makes them very proud to be Swiss. Maybe this is something we should keep in mind. The fact that Switzerland is so much smaller than we are is no obstacle to examining their system. If so small a country should need so much decentralization, surely a country as large as ours also needs decentralization, or so the Swiss told me.

It is my duty, after such trip, to report to the Senate. This I have done, and I thank you for the opportunity.

By the way, I caught a mild case of typhoid in Switzerland, although it is supposed to be the world's cleanest country. And my last illusion was shattered when, standing in the railway station in Geneva, I noticed a disparity between the clock over track 5 and the clock over track 6; there was a difference of one and a half minutes. I protested vigorously to the *chef du gare* who promised he would fix it by the next day; and he did so.

• (1430)

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF COMMITTEE TABLED

Hon. Thérèse Lavoie-Roux: Honourable senators, I have the honour to table, pursuant to rule 105, the first report of the Standing Senate Committee on Internal Economy, Budgets and Administration, with the staement of expenses incurred by the Committee during the 2nd session of the Thirty-Fourth Parliament.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SECOND REPORT OF COMMITTEE TABLED

Hon. Thérèse Lavoie-Roux, chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled the following report:

Tuesday, October 29, 1991

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SECOND REPORT

Your Committee has examined and approved the budget presented to it by the Joint Chairman of the Standing Joint Committee for the Scrutiny of Regulations regarding the expenses the Committee will incur for the purpose of its consideration of statutory instruments pursuant to section 19 of the Statutory Instruments Act, R.S.C. 1985, c. S-22. The budget is as follows:

Professional and Other Services	$31,530.00
Transportation and Communications	660.00
Other Expenditures	20,430.00
	$52,620.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

CROWN CORPORATION DISSOLUTION OR TRANSFER AUTHORIZATION ACT

BILL TO AMEND—SECOND REPORT OF BANKING, TRADE AND COMMERCE PRESENTED

Hon. Jean-Marie Poitras has the honour to present the following report:

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

SECOND REPORT

Your Committee, to which was referred Bill C-8, An Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof, has in obedience of its Order of Reference of Tuesday, June 18, 1991, examined the said Bill and now reports the same without amendment, but with the following comment:

The Committee recommends that Bill C-8 be passed without amendment but wishes to add a special note in reference to the Canada Harbour Place Corporation in Vancouver and the Harbourfront Corporation in Toronto. These Corporations have provided an important federal presence in Vancouver and Toronto respectively contributing significantly to national unity through their programs and activities. It is the desire of Committee members that the organisations created to succeed these Corporations ensure that the momentum achieved continues and that national unity remain a significant focus.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

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

On motion of Senator Poitras, bill placed on the Orders of the Day for third reading later at next sitting.

[*English*]

AGRICULTURE AND FORESTRY

FIRST REPORT OF COMMITTEE TABLED

Hon. Efstathios William Barootes, Chairman of the Standing Senate Committee on Agriculture and Forestry, tabled the first report of the committee.

CANADIAN WHEAT BOARD ACT

BILL TO AMEND—SECOND REPORT OF COMMITTEE PRESENTED

Hon. Efstathios William Barootes, Chairman of the Standing Senate Committee on Agriculture and Forestry, presented the following report:

Tuesday, October 29th, 1991

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Bill C-23, An Act to amend the Canadian Wheat Board Act, has in obedience to the Order of Reference of Tuesday, October 22, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

E. W. (STAFF) BAROOTES
Chairman

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. James W. Ross: Honourable senators, with leave, I move that the bill be read the third time now.

The Hon. the Speaker: Is leave granted?

Senator Molgat: Yes, in accordance with the comments I made earlier, we are prepared to give leave.

• (1440)

Hon. H.A. Olson: I do not intend to hold up the bill, but I do have some questions. I wonder if the sponsor of this bill in the Senate, Senator Ross, could tell us about the costs involved with respect the guarantees? For example, we were told that in the 1990 report of the Canadian Wheat Board, the amounts owing to the Canadian Wheat Board, covered by the kind of guarantees that are now being legislated in a more positive way, were about $4.3 billion, of which approximately $3.4 billion are for financially-troubled countries. We tried to make inquiries about who owes this money. For reasons that I will accept for now, although I will not accept them forever, we were told it would not be in our commercial interests to reveal the details of who or which countries were owing the Canadian Wheat Board parts of this $3.4 billion.

However, there is a problem of who pays the interest charges before the guarantees are called. I do not know whether it is the Canadian Wheat Board using the producers' money, or moneys that would otherwise turn into final payments to the producers that is being used to pay the interest on this $4.3 billion, or whether, in making its guarantee, the government intends to pay the interest from day one. I just simply do not know the answer to that. If I were to yield the floor to Senator Ross, I wonder if he could tell us about that so that the farmers will have some view respecting this.

I am not arguing, honourable senators, that it is a good idea for the federal government to have statutory authority to consider, and therefore make, loans or guarantees of loans to the Canadian Wheat Board from time to time. That is not the point. The point is, if we consider that, some weeks ago interest rates were around 10 percent and 11 percent, it is clear that there are several hundred million dollars in interest charges that are being charged to someone every year for these loans. I wonder if Senator Ross could tell us who it is that ultimately pays those charges?

Senator Ross: Honourable senators, I agree that these are good questions. I had not expected the sitting today, and I

have asked for some of that information. I undertake to submit that information at the next sitting of the Senate.

Senator Olson: Honourable senators, I will accept that because I accept what Senator Ross says respecting the short notice that the Senate would be dealing with these bills today. If he will also give an undertaking to bring us an answer on where the ultimate responsibility for these interest charges lies, I will accept that for another day.

Senator Frith: And put it on the record.

Senator Olson: Yes, of course, we will put it on the record.

Motion agreed to and bill read third time and passed.

AGRICULTURAL PRODUCTS MARKETING ACT

BILL TO AMEND—THIRD REPORT OF COMMITTEE PRESENTED

Hon. Efstathios William Barootes, Chairman of the Standing Senate Committee on Agriculture and Forstry, presented the following report:

Tuesday, October 29th, 1991

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

THIRD REPORT

Your Committee, to which was referred the Bill C-16, An Act to amend the Agricultural Products Marketing Act and to provide for other matters in relation thereto, has in obedience to the Order of Reference of Wednesday, October 23, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

E. W. (STAFF) BAROOTES
Chairman

THIRD READING

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): With leave, now.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Yes, we grant leave with the same conditions as on the previous bill.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

On Government Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): With permission, I will ask later for leave to revert to this item so that we can propose an appropriate adjournment motion.

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

Hon. Senators: Agreed.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Leave having been given to proceed to Motion No. 1:

Hon. Roch Bolduc: Honourable senators, I move:

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

Motion agreed to.

• (1450)

BUSINESS OF THE SENATE

On Notices of Inquiries:

Hon. H.A. Olson: Honourable senators, I have a problem with respect to Inquiries. Perhaps you have noticed that I have about five standing in my name. The problem is that we have not met on enough days for me to deal with all of them. If you look at the number beside them you will see that Inquiries Nos. 3, 4 and 5 have apparently been called 11 times and we have not dealt with them. They are important matters from time to time.

My question is simple: if we get to the number 15, I understand that by the rules they then drop off the Order Paper. The question is: can we just put them back on the Order Paper? The alternative is that you will have to suffer through four or five speeches from me in one day to get through them before they are taken off the Order Paper. If there is no problem with putting them back on the Order Paper, then I do not have a problem, but I do not think this has been tested under the new rules yet.

I do not no who will answer my question. I hope that the people opposite, who put these rules together, will nod in agreement that, yes, they may be put back on the Order Paper after they are called for the fifteenth time and automatically drop off. But the new rules have not been tested, so we do not know.

Hon. Brenda M. Robertson: Honourable senators, if I may respond to the question, it is the intention in these new rules that, should an Inquiry drop off the Order Paper, it could be reinstated by the sponsoring senator at any other time.

Senator Olson: There is no problem, then.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 160 residents of the province of Quebec who object to the goods and services tax. Most of these petitions are from Chartierville, Notre-Dame des Bois, Thetford Mines, Saint-Joseph de Beauce and Bellechasse.

Honourable senators, I also have the honour to present petitions signed by 175 residents of New Brunswick who object to the goods and services tax. Most of these petitioners are from Caraquet, Maisonnette, Brenville, Baie Sainte-Anne and Burnt Church.

Honourable senators, I have the honour to present petitions signed by 25 young residents of Kamloops and Victoria in British Columbia, who deplore the fact that the Goods and Services Tax Credit is not available to young Canadians who no longer live with their parents, pay taxes and are under 19. They ask the Senate to call upon the government to end this injustice.

Honourable senators, finally, I have the honour to present petitions signed by 4,302 residents of the province of Quebec who object to the goods and services tax. Most of these petitions are from Falardeau, Châteauguay, Shawinigan, Montreal, Victoriaville, Princeville, Hemmingford, Chesterville, L'Avenir, Saint-Germain and Arthabaska.

QUESTION PERIOD

[*English*]

NATIONAL DEFENCE

REPLACEMENT OF VICTORIA CROSS

Hon. Hartland de M. Molson: Honourable senators, I should like to ask the Leader of the Government if it is in fact government policy to discontinue the use of the award of the Victoria Cross in Canada or for Canadian servicemen. If that matter has been considered, have members of the Canadian Legion, the Air Force Association and the Naval Association been consulted?

To read a notice in the press that this matter is under consideration by the Department of National Defence, to substitute some worthy Canadian order for it, should be taken with a great deal of reserve. There is a history, a tradition and a record behind the Victoria Cross that no other decoration that I know of has. One can even take into account the U.S. Congressional Medal or the highest award of any country and there is none that stands higher than the Victoria Cross. Before this government or this country decides to discontinue a decoration of that merit there should be a great deal of consultation and, more particularly, consultation with the veterans, who have made so much history for the country.

[Senator Olson.]

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask for a full report from my colleague, the Minister of Veterans Affairs.

FOREIGN AFFAIRS

PROPOSED CANADIAN AID TO SOVIET UNION AND CURRENT CONSTITUENT REPUBLICS

Hon. H.A. Olson: Could the Leader of the Government answer this question either now or at some later time? I suppose it has to be later today; from what I gather we may adjourn today until November 19. My question deals with consumer goods aid to the Soviet Union or to the republics. This involves primarily food, but it could also be other consumer goods that that part of the world will be desperately short of before long, according to all the reports from the people who are there.

I have an inquiry, No. 10, in which I call the attention of the Senate to the proposed Canadian aid to the Soviet Union and its current constituent republics. I was rather encouraged—in fact more than a little encouraged by the Prime Minister's comments at Stanford University when he talked about the G-7 and the western countries generally coming to some decision with respect to a reasonable amount of aid to either the Soviet Union or to its constituent republics.

Can the Leader of the Government give us an indication as to whether something is to be done? I bring that up now because I put this inquiry forward on September 17, but it has not been convenient, for a number of reasons, to bring on the debate under "Inquiries" until now. We are getting close to that time of year when there will be some very serious deprivation, poverty and other things occuring in those parts of the world unless Canada and the other G-7 nations reach some conclusion as to what kind of support they will give to these people to see them through these difficult circumstances.

Can the Leader of the Government in the Senate tell us at what stage are these discussions involving Canada and the other G-7 countries in respect to this matter?

• (1500)

Hon. Lowell Murray (Leader of the Government): Honourable senators, a $150 million line of credit for food purchases was resently signed between Canada and the Soviet Union, and up to $50 million in credit has been reserved for the Ukraine. The honourable senator has made reference to the speech of the Prime Minister at Stanford University. In that speech Mr. Mulroney proposed a doubling of the capitalization of the European Bank to $25 billion U.S, the restructuring of the OECD to serve as a policy forum for that region, the removal of trade barriers, the integration of the new democracies into the global economy and the strong engagement of the G-7 countries. All I can tell the honourable senator at the moment is that we are actively pursuing these proposals with our G-7 partners and with the institutions I have mentioned, such as the OECD.

I should point out that the Prime Minister also made clear our readiness to play a full part in a G-7 response to food and

medical needs and to assist in solving the problems of food distribution.

Senator Olson: Honourable senators, I appreciate that reply. If I seem to be pursuing this matter to some extent it is not that I am trying to be critical of what the Prime Minister has said, or of what Canada's position has been with respect to the G-7 response to President Gorbachev's request which was made some time ago—in fact, just before he came to meet with them at the London meeting several weeks ago. Rather, I am concerned that Canada and the other G-7 countries have not come to any resolution with respect to making a significant amount available. I am not saying that $150 million is not a significant amount, but in relation to the task to be carried out, it is an insignificant amount, and other countries within the G-7 should be coming forward with that amount and, indeed, much more.

As a matter of fact, I think some kind of an agreement was reached yesterday between the republics and the G-7 on a structure for repaying the approximately $65 billion of previous debt held by the Soviet Union. These economic matters have been transferred from what was the Soviet Union to the constituent republics. Apparently all the republics have signed on and have agreed to the repayment of this debt. Surely that should be a significant step forward in having all the G-7 countries make a commitment now of sufficient magnitude to deal with the problem. As I a said, $150 million is not a small amount, but it is a small amount in relation to the problem they face.

I hope that I can encourage the minister and the Government of Canada to be more forthright in providing consumer goods, food and other things in a significant amount that will help deal with the problems of as many as 300 million people. So far, in my view, they have not given the kind of commitment that will give hope to the Soviet authorities that they will be able to meet the demands with which they will be faced. That is why I am anxious that the Government of Canada perhaps be even more aggressive in trying to resolve this problem.

Senator Murray: Honourable senators, Senator Olson is right to state that the resolution of some of these debt-related issues, which apparently was achieved yesterday among the republics and the centre, is an important element in freeing up or in making possible the provision of substantial aid from other countries. For example, the European Economic Community had proposed a package valued at some $2.4 billion, about $1.6 billion I believe of which is actually new, and Japan had offered $2.5 billion in new credits, $500 million of which would be for food purchases. In both cases the donors, the European Community and Japan, had made their offers conditional upon the resolution of some of these debt-related issues.

To be fair and to complete the record, I have already pointed out that Canada has already signed a $150 million line of credit for food purchases for the Soviet Union and up to $50 million for the Ukraine. There is a proposed Canadian contribution of up to $500 million in new credits for wheat and humanitarian aid, and of up to $6 to $7 million mainly for medicines. There are, as I said, existing credits for the U.S.S.R., the Ukraine, the Baltic States, as well as the $25 million program of technical assistance for the U.S.S.R., at least $5 million of which will be for the agricultural sector.

Senator Olson: I thank the honourable Leader of the Government for that information. Perhaps I could ask him if he would be prepared to bring us a full, or more complete, list, if that is the right word, of the commitments of the other western countries, including the G-7, as soon as possible after we come back on the November 19. My reading of the situation is that Canadians generally are very anxious to make some things, such as food and other consumer goods that we have in surplus, available to the Soviet Union and the constituent republics in the context of the present situation. I want to encourage the government to do that, and I think people want to know what is going on and what our government is promoting to achieve that end.

Senator Murray: I do not think there is much more information available at the moment, but I shall monitor the situation and as further information becomes available I shall certainly provide it to the house.

Senator Barootes: Would you like that inquiry removed from the order paper, sir?

Senator Olson: No, I think I will want to call Inquiry No.10, possibly on November 19 or 20, to provide the basis of an exchange between the Leader of the Government and myself, because I think some useful consequences could come of it.

EXTERNAL AFFAIRS

FRANCE AND GERMANY—PROPOSAL TO FORM JOINT MILITARY TROOP—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government. Several weeks ago the German and French governments announced the joint creation of a new military formation composed of French and German troops in Europe, ostensibly under the auspices of the European Union of which Canada is not a member. Is Canada, as an active member of NATO, in favour of this proposal? If so, why, and, if not, why not? If not, what steps are we taking to oppose it?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there are quite a few questions there concerning a proposal which, I am lead to believe, is still only a proposal.

• (1510)

In any case, I shall ask my cabinet colleague, the Secretary of State for External Affairs, whether there are any comments that she feels it would be proper to make on that matter at this time. One can only assume that it is a matter of considerable discussion in the councils of NATO at the moment.

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

SCHEDULE OF MEETINGS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Government Leader in the Senate regarding the joint committee of the two houses on the new constitutional proposals.

I have received a complaint from a Canadian citizen who read the advertisements and listened to what the government had to say about participation by the public. This individual phoned me this morning and reported that, having phoned the 1-800-561-1188 number, which is the one listed in the government advertisements as to what the schedule of meetings is going to be, was informed that they had no idea and could not tell him what the schedule was. This person then phoned the clerk of the committee with the same question and received the same answer: they had no knowledge; they thought the committee was going to meet in Ottawa this Thursday but they could not say where, when, or who was going to be the witness.

It seems that we say to the public that we want participation, but we do not issue a schedule. Could the minister undertake to get for us a schedule of where this committee is to meet and have it published so that the public of Canada can indeed participate, as was the original claim of the government?

Hon. Lowell Murray (Leader of the Government): As the Deputy Leader of the Opposition is aware, questions of this kind should be addressed to the joint chairman of the committee, Senator Castonguay.

Senator Molgat: He is not here.

Senator Murray: In his absence, I will undertake to use my good offices to obtain the information that the honourable senator seeks.

GENERAL AGREEMENT ON TARIFFS AND TRADE

NEGOTIATIONS ON AGRICULTURAL SUBSIDIES—REQUEST FOR UPDATE

Hon. H.A. Olson: Since apparently we may not meet again until November 19, could the Leader of the Government give us an update on what is happening with the GATT negotiations representing trade in general, but more specifically whether there has been a bit more optimism on coming to an agreement on the agriculture subsidies.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am sorry I do not have anything further to report to our last discussion on that matter in this place.

I can simply tell the honourable senator that my cabinet colleague, Mr. Wilson, the Minister for International Trade, has been in touch with a number of players, most recently with Mr. Frans Andriessen, the commissioner for agriculture of the European community. On the basis of these discussions, Mr. Wilson remains confident that all parties to the discussions, and in particular the Europeans, are genuinely seeking a resolution of the problem.

[Senator Murray.]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

SCHEDULE OF MEETINGS

Hon. Joyce Fairbairn: Honourable senators, I have a supplementary to Senator Molgat's earlier question.

I would be grateful if the Leader of the Government in the Senate could include in his inquiries the scheduled travels in Alberta of this committeee in the week directly after Remembrance Day. The folks in southern Alberta are quite keen to know whether this committee, or any part of it, will come down to our area.

Hon. Lowell Murray (Leader of the Government): I shall be glad to do so, honourable senators.

[*Translation*]

COMMUNICATIONS CANADA

COMMUNITY RADIO FOR FRENCH-SPEAKING PEOPLE OUTSIDE QUEBEC

Hon. Jean-Pierre Simard: Honorable senators, I have a question for the Leader of the Governement in the Senate. I know that he cannot answer my question right away. I ask him to urge the Department of Communications or the governement in general to provide us with a report on the matter of community radio for French-speaking people outside Quebec.

At a time when we speak of preserving and promoting French-speaking communities, I am glad to see that this government has done more and has settled problems through appropriate action and has often joined with groups in an effort to help these minorities live a better life.

I remember that five years ago when the Department of Communications, at our request, has released funds in the amount of $5 million, which is the federal contribution to in a $10 million program. I can tell you, honorable senators that in my opinion, this program has been a success.

I am told that funds for this commitment have run out. I certainly can understand it given the popularity of that program. A few important projects have been achieved in New-Brunswick and in Western Canada.

Would the Leader of the government in the Senate undertake to table, as soon as possible, an analysis or an assessment of that contribution and of this generous program the federal governement shared into. I know that in the West, given the popularity and the success of that program, they consider establishing other community radios in other regions. Before taking that next step, the federal government will probably have an assessment done. If it is possible, I will ask for the results of that assessment to be tabled in the Senate.

Hon. Lowell Murray (Leader of the Government in the Senate): Honorable senators, it will be my pleasure to obtain the information sought by the honorable senator.

[*English*]

THE ENVIRONMENT

GREAT WHALE PROJECT—EFFECT OF DAMS ON GREENHOUSE EMISSIONS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the government leader and it is a question on the environment. Some time towards the end of September or early October there were environment hearings in New York to assess the Great Whale project.

Mr. John Rudd, one of the experts in this question who has been doing some research work for the federal government in the province of Manitoba wanted to appear. Mr. Rudd is a scientist with the institute in Manitoba. For one reason or another, someone in the federal system denied him the right to appear, even though he has been doing research on the very question of the effect of large dams on greenhouse emissions.

Apparently some people in the federal government claim that the research is not valid. Yet there are others who have worked with Mr. Rudd who say it is extremely important information to put forward.

Can the minister tell us what information he has in that regard, and if he does not have it now, could he find out for us why it was that Mr. Rudd was refused permission to appear, and by whom?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall make inquiries.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

TAX TREATIES—NUMBER AND LIST OF COUNTRIES—NATURE OF TREATIES

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 13 on the Order Paper—by Senator Marshall.

CANADIAN STUDY OF HEALTH AND AGING

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 43 on the Order Paper—by Senator Marshall.

CANADIAN LABOUR FORCE DEVELOPMENT BOARD—COMPOSITION OF ADVISORY PANEL

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 48 on the Order Paper—by Senator Marshall.

PRIVATE BILL

SEVENTH-DAY ADVENTIST CHURCH IN CANADA—BILL TO AMEND ACT OF INCORPORATION—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate a message had been received from the House of Commons returning Bill S-3, to amend the act of incorporation of the Seventh-Day Adventist Church, and to acquaint the Senate that they have passed this bill without amendment.

[*Translation*]

SCRUTINY OF REGULATIONS

SECOND REPORT OF JOINT COMMITTEE—ORDER WITHDRAWN

On the Order:

> The Senate proceeded to consideration of the Second Report of the Standing Joint Committee for the Scrutiny of Regulations (Agricultural Exhibition Loans Order) tabled in the Senate on 22nd October, 1991.

Hon. Normand Grimard: Honourable senators, I am refering you to the report I tabled on October 22, 1991. It was the report on a study made by the Joint Committee for the Scrutiny of Regulations.

This second report cannot be debated. Accordingly, I ask that this order be withdrawn.

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

Hon. Senators: Agreed.

Order withdrawn.

• (1520)

[*English*]

Hon. Lowell Murray (Leader of the Government): Honourable senators, unless an honourable senator wished to proceed with an inquiry at this time, I would propose that we might adjourn to the call of the bell, awaiting a message from the House of Commons concerning Bill C-40.

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

Hon. Senators: Agreed.

Senator Murray: The bells are now ringing, I am informed.

Hon. Royce Frith (Leader of the Opposition): I think they are holding the vote. The bells have stopped.

Senator Murray: The bells have stopped. The division has taken place. That being the case, the message should not be long delayed.

The Hon. the Speaker: Is it agreed, honourable senators, that we adjourn until 3:30 or to the call of the bell?

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

• (1530)

At 3:30 p.m. the sitting of the Senate resumed.

POSTAL SERVICES CONTINUATION BILL, 1991

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-40, to provide for the continuation of postal services.

Bill read first time.

SECOND READING

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Lowell Murray (Leader of the Government): With leave, now.

The Hon. the Speaker: With leave of the Senate and notwithstanding rule 58(1)(*f*), it is moved by the Honourable Senator Murray, seconded by the Honourable Senator Doody, that this bill be read the second time now.

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

Senator Murray: Honourable senators, the labour dispute that we are called upon to resolve today is 25 months old. It has been the subject of the best efforts of the government to try to facilitate a settlement. But, as I indicated earlier, these efforts have been to no avail.

There is also no doubt that the parties to the dispute have been extended every possible opportunity to resolve their differences without legislation. I do not think I have to remind honourable senators of how severe are the repercussions on ordinary Canadians and on the business sector of a prolonged postal strike. All the alternatives have been canvassed without success. Regrettably, we now find ourselves in a position where we must pass legislation.

The 25 months that have elapsed during the present dispute are against a background that I think is familiar to all honourable senators—a background of many years' duration of very poor labour relations in the post office. That has been the finding of successive conciliators, mediators and others who have had to deal with this situation.

Let me, however, give a brief overview of the circumstances surrounding this legislation. The current negotiations between Canada Post and CUPW represent the first round of bargaining between these parties since the 1988 decision of the Canada Labour Relations Board to re-organize the structure of the bargaining units at Canada Post. The negotiations were aimed at arriving at a new, all-encompassing collective agreement for some 45,000 operational employees to incorporate seven previous collective agreements which expired on July 31, 1989.

[*Translation*]

On September 12, 1989, the union filed a notice of dispute. In the following year, the conciliator who was named to help the parties held 78 meetings with them. That shows how slow progress was. Admittedly, the large number of demands tabled by both parties made the task very complex to begin with. Furthermore, the provisions of seven collective agreements had to be combined into a single one. These two factors alone should explain the formidable size of the task.

[*English*]

Discussions went on with the conciliation officer focusing on the grievance arbitration backlog. With the assistance of the conciliation officer, both parties signed a Memorandum of Agreement in February, 1990. It was intended to hasten the resolution of these grievances, but, unfortunately, not one of the other major issues was resolved. The dispute was sensitive and complex, and the conciliation officer informed the Minister of Labour that he was unable to bring the parties to a settlement.

The chief obstacle, namely, merging the seven collective agreements under one umbrella, was a major impediment to the attainment of an agreement. Thus, on October 31, 1990, the Minister of Labour constituted a conciliation board to deal with the dispute.

[*Translation*]

This board was chaired by Marc Lapointe, a former chairman of the Canada Labour Relations Board. The board held some 60 conciliation sessions from January of this year until it issued its report on August 12. Despite that, the progress made was insufficient. Nevertheless, Mr. Chairman, the parties themselves had each appointed their own representative to the Board: Arnold Masters for the management side and Jacques Desmarais for the union. These two representatives agreed on the appointment of Mr. Lapointe as chairman, a choice that was ratified by both parties to the dispute. So the choice of members was not the stumbling block at this stage of negotiations, but rather the size of the gap between the parties.

[*English*]

The conciliation board's report was released to the parties by the Minister of Labour on August 16 of this year. The conciliation board observed that, while it had not been able to bring the two parties to an agreement, it had managed to reduce the number of items in dispute.

The board succeeded in bringing some 300 unresolved union demands into sharper focus by identifying the remaining nine major and 20 minor issues separating the parties. The board also pointed out that the absence of a healthy labour relations environment at Canada Post had frustrated the members of the commission in their efforts to find a settlement.

On August 16, the same day as the board's report was released, the parties used its findings as a basis for further discussion and began direct negotiations. However, with no settlement in sight, CUPW initiated rotating strikes at various locations across the country on August 24, eight days later.

The Minister of Labour contacted both Canada Post Corporation President Donald Lander and CUPW President Jean-Claude Parrot on August 30 of this year. The minister impressed upon them the need for both sides to make significant progress in direct negotiations over the impending Labour Day weekend.

[*Translation*]

On September 2, Mr. Chairman, the Minister of Labour asked qualified officials at Labour Canada to evaluate the progress which had been made in the days since the Conciliation Board's report was published. Their report was not encouraging. It became increasingly clear that the government would have to act in the public interest to prevent the problems from worsening. The Minister of Labour then met with the parties and after analyzing the various options available at that stage of the conflict, he decided to give them another

chance by providing the services of a mediator. The minister thus wanted to respond positively to the expression of a real desire of the parties to reach a settlement.

[*English*]

Chief Justice Alan B. Gold of the Quebec Superior Court was appointed as mediator in the postal dispute on September 5 last.

[*Translation*]

Under the proposed legislation that is before my colleagues, the term of each of the seven collective agreements is extended to July 31, 1993. The bill also provides that an arbitrator will be appointed and given the task of amalgamating these seven collective agreements.

Extensive conciliation and mediation assistance have been extended to the parties throughout the bargaining process. One of the best-known mediator in our country kindly accepted to put his time and his abilities at the disposal of the parties. What else could have been done to help the collective bargaining process? Because the conflict could once again harm our economy, but above all, the well being of Canadians, I think that we must as soon as possible pass a bill to put an end to this conflict.

● (1540)

[*English*]

With this appointment, the parties agreed to return to work, resume normal postal operations, and participate in good faith during the mediation talks. Judge Gold spent six weeks on this mediation effort and gave the process his undivided attention. On several occasions, Judge Gold made major adjustments to his professional and personal commitments in order to accommodate this responsibility in a selfless and public-spirited fashion.

On October 23, less than one week ago, Judge Gold advised the Minister of Labour, whom he felt had negotiated, had bargained in good faith, that there were difficulties that just could not be resolved.

[*Translation*]

Under the proposed legislation that is before my colleagues, the term of each of the seven collective agreements is extended to July 31, 1993. The bill also provides that an arbitrator will be appointed and given the task of amalgamating these seven collective agreements.

Extensive conciliation and mediation assistance have been extended to the parties throughout the bargaining process. One of the best-known mediator in our country kindly accepted to put his time and his abilities at the disposal of the parties. What else could have been done to help the collective bargaining process? Because the conflict could once again jeopardize our economy, and above all, the well-being of Canadians, I think that we must pass a bill as soon as possible in order to put an end to this conflict.

[*English*]

The minister, Mr. Danis, as I am sure he will explain when he appears before the Committee of the Whole, delayed the introduction of the legislation over the past weekend in order to give the parties one final opportunity to negotiate an agreement by themselves. Regrettably, that last effort has also failed. Therefore, I urge honourable senators to give this legislation expeditious passage so that it can receive Royal Assent and dispel the uncertainty that now exists as to the continuation of postal services in the country.

Hon. Royce Frith: Honourable senators, Bill C-40 was introduced in the other place yesterday. The intent of the bill, as Senator Murray has said, is to prevent a postal strike from occurring and to impose arbitration on the parties.

By introducing such legislation when both sides have stated that an agreement may be near, the government has once again undermined the process of collective bargaining. In fact, I suggest the government is redefining the traditional process of collective bargaining. It is progressively interfering more deeply into the collective bargaining process, interfering first at the strike level, after some period of striking, then interfering earlier in the strike period, and now interfering by threatening to introduce legislation even before there is a strike. It is implying that postal service is an essential service to the public without specifically designating it as such.

Bill C-40 effectively prevents CUPW from going on strike and the Canada Post Corporation from locking out workers. It extends the present collective agreement date to July 31, 1993. It states that the minister will appoint an arbitrator who will first determine the matters on which the parties are in agreement and then incorporate those matters into the collective agreement. The arbitrator will then determine which conclusions of the conciliation board report can be incorporated into the collective agreement.

To quote from the legislation, the arbitrator will take

> . . . .cognizance of the [conciliation board] report referred to in paragraph (*c*) and the summary of the corporate plan, arbitrate all matters not covered by paragraphs (*b*) and (*c*) and render a decision in respect thereof in such form as will enable the decision to be incorporated into the collective agreement . . . .

Two things will provide the basis for the arbitrator's decision: first, the conciliation board report which was agreed to by neither party, and no agreement being reached as a result of that report; and, two, Canada Post's corporate plan which has created stumbling blocks in the negotiations. This morning, an amendment proposed by Minister Danis and carried takes into account those matters upon which substantial agreement has been reached since the report of the conciliation board was presented.

This amendment to section 7 (*b*) of the legislation allows the arbitrator to determine matters where the parties were "in substantial agreement" and to incorporate those matters into the collective agreement. The objective is to ensure that any progress made by the parties since August will not be lost.

However, the arbitrator will be the one to decide what has been agreed upon. He or she will determine where there has been a "substantial" agreement. Someone has to decide where

there has or has not been a substantial agreement. It will be the arbitrator.

That decision of the arbitrator does not have to be brought to Parliament. It will simply become part of the collective agreement. By passing this legislation, we are delegating that decision. We are putting the word "substantial" in and leaving it for the arbitrator to decide.

As Senator Murray has pointed out, CUPW has been without a contract since July 31, 1989. Negotiations, as he has chronicled, have been lengthy and complex. Over 360 demands were tabled by the parties while also attempting to merge seven collective agreements into one comprehensive contract covering 45,000 employees.

On October 23, 1991, CUPW was in a legal strike position but Jean-Claude Parrot, CUPW president, refused to walk away from the bargaining table. He did not issue a strike call after mediation broke down, because he felt the sides were close enough to continue negotiations without a mediator. As I recall, both he and the postal corporation stated that they thought they were close to an agreement. Mr. Danis, at the time, promised that if an arbitrator was appointed the government would try to ensure that all the items already agreed upon by the parties would be included in any settlement imposed by the arbitrator, again so that progress made over this long and difficult period of negotiation would not be lost.

Although the minister had announced that he would introduce the legislation to end the postal dispute on October 25, he agreed, as Senator Murray has said, to wait another weekend upon hearing statements by both Mr. Parrot of CUPW and Mr. Harold Dunstan, Canada Post vice-president, that the dispute could be resolved through further negotiation.

● (1550)

On the morning of October 28, yesterday, CUPW issued a press release stating:

> . . . the union believes that a negotiated settlement is still in reach, but that legislation would remove any pressure from Canada Post to negotiate.

That is the same story we had with the legislation regarding civil servants, and the same with regard to the grain handlers. The threat of legislation, the imminence of legislation, the habit of bringing in legislation, changes the whole chemistry of collective bargaining and removes pressure on the parties to reach an agreement.

The press release went on to say:

> There is no strike and no national emergency.

To repeat the CUPW press release, the threat of such legislation would remove any pressure from Canada Post to negotiate.

It turns out that CUPW was right. A letter was produced in yesterday's committee meeting in the other place from Mr. Courville, Corporate Manager, Labour Relations, Canada Post. The letter is addressed to J.-C. Parrot, National President, Canadian Union of Postal Workers, 280 Metcalfe Street, Ottawa. Remember that the hope was that progress would be solidified.

The letter from Mr. Courville says:

> This is to advise you that any and all of the Corporation's positions, offers and proposals made through the mediator or otherwise after midnight of August 23, 1991 are withdrawn. This includes any language, positions, offers and proposals that were accepted by the Union with the exception of clauses signed by the parties during the mediation process.
>
> The Corporation's position now reverts to the recommendations of the conciliation board chaired by Mr. M. Lapointe.

Interestingly enough, the letter was dated October 29 but was received by Mr. Parrot at 1 p.m. on October 28, approximately one hour after the legislation was tabled in the house. A typographical error, claims Mr. Dunstan, and he can tell us about that if he comes as a witness before Committee of the Whole. Mr. Dunstan stated before the committee last evening that he has carried such a letter — carried, I guess, in his pocket — since the meetings with Judge Gold began, just in case. You remember what that letter said. It was carried around, just in case, apparently, to advise that all of the corporation's positions, offers and proposals made through the mediator or otherwise are withdrawn. This is a rather odd thing for a party to do that is negotiating in good faith. Clearly, Canada Post is tailoring its proposals to the legislation and no longer feels any specific pressure to negotiate an agreement, which is always the case when legislation looms over negotiation.

However, the amendment proposed by Mr. Danis will incorporate those matters on which substantial agreement has been made, and will help temper the corporation's position as contained in Mr. Courville's letter. Certainly the motivation for Minister Danis' initiative is a worthy one.

However, that letter indicates that Canada Post's position is that no agreements have been reached. That must be distinguished from Mr. Danis' position and what he is trying to accomplish in the legislation. It does not change the fact that Canada Post's position is that no agreements have been reached. How can the arbitrator decide that there has been substantial agreement on any issue when Canada Post denies that any agreement has been reached? That is their position in writing.

We have the union's position; now for Mr. Danis' position: Although there was no strike or lockout, or threat of one, Mr. Danis introduced legislation which would impose an agreement upon the parties. The minister felt, according to his testimony to the committee, that the parties would be unable to reach an agreement regardless of how long they negotiated. The minister also stated that it was in the national interest to keep the mail moving, and thus legislation was necessary to prevent a strike or lockout.

By introducing legislation, the government is continuing to send out a number of messages and this is how those messages

are being read. First, the government no longer wholeheartedly supports the collective bargaining process. Second, the government does not believe in the right to strike. Third, the government will not declare postal service an essential service, yet introduces back-to-work legislation before the workers walk out. That is Mr. Danis' position.

Finally, I come to Canada Post's position, Harold Dunstan's position. Canada Post's position is made clearly by Mr. Courville's letter to Mr. Parrot. Regardless of what progress has been made, everything following the conciliation board report is revoked. The purpose of the letter was to ensure that Canada Post would not be in a position where an offer was made and they received nothing in return. Although the amendment allows for matters to be included in the arbitrator's decision, Mr. Dunstan claims that no real agreements have been reached and that the lists of agreements drawn up by both parties were dissimilar. When Mr. Dunstan was asked about progress made by Judge Gold he said that his position had not been documented,—and I do not know whether everyone realizes this—but since the parties did not deal face to face, no one knew what went on in either room.

While Mr. Dunstan felt that Canada Post had been fair to its employees, offering benefits such as recognition awards and improved facilities, he admitted that the corporate plan was nowhere near in line with the union's interests. Union demands, he claimed, would prevent Canada Post from ever achieving its corporate plan.

Canada Post says it does not welcome the legislation as it legislates the contract and not the culture, which is what really needs to be worked on. Mr. Dunstan also stated that he believed CUPW had acted irresponsibly at the bargaining table.

The union remains convinced that there is no need for the legislation. Union members returned to work with the belief that an agreement could be reached, and to prevent inconvenience to the public. However, the union members now feel as though they are being penalized for having made efforts to reach an agreement without a strike. This experience is teaching them, as it has taught other unions, that the government will force an agreement.

Of course, that is acceptable to many members of the Canadian public. Many of them accept that an agreement may be forced, but it is worthwhile taking a moment to consider how that looks to the workers who authorized their unions to look after their complaints through the process of collective bargaining, and now have an agreement forced upon them by the government.

Bill C-40 provides for an arbitrator, and the arbitrator's duties indicate to CUPW that the conciliation report will apply, especially in view of the Canada Post letter saying that all offers, all language, et cetera, is withdrawn as of August, 1991, which position, of course, the union does not support.

The decision to incorporate the conciliator's report into the collective agreement has serious ramifications. If the government is now treating a conciliator—and it seems to me this is what it comes to—as, in effect, an arbitrator, unions will be much more cautious in future disputes where a conciliator is appointed because they will have to consider him an arbitrator in conciliator's clothing. From the union's perspective, there is no doubt that introduction of this legislation has undermined the process of collective bargaining, given that both sides believed an agreement could be reached and that no strike or lockout had been threatened.

• (1600)

In summary, honourable senators, this legislation, as did Bill C-37 dealing with the grain handlers in Thunder Bay, largely ignores the interests of Canadian workers, favoring instead the corporation. The intent of Bill C-40 is to deny the union members their legal right to negotiate a better agreement. It clearly puts the priorities of the corporation first. It provides Canada Post with the opportunity to backtrack on all matters that have reached substantial agreement since the conciliation board report. The corporation immediately took advantage of that opportunity.

Although Minister Danis' amendment provides that an arbitrator will include such matters in a final agreement, the arbitrator cannot know if substantial agreement has been reached.

If Canada Post says "There has not been such an agreement," which they can do on any one of the items, this means that progress which has been made on issues such as child care and pensions for part-time workers may be lost.

So that is where we are now. As always is the case, public convenience and necessity, as viewed by the government, is offered as justification for abandoning long collective bargaining. As Senator Murray has pointed out, it is clear that the collective bargaining here has been long. However, if the government believes that collective bargaining is inappropriate unless it succeeds the way the government thinks it should proceed, why do we keep waltzing through these charades? Shouldn't it say that it will designate the postal service as an essential service and save everyone a lot of time and money? Twenty-five months of futile negotiations. Instead, it seems to me it wants it both ways, saying "We believe in collective bargaining, but not in this case." The exceptions are becoming the principle rather than exceptions to it.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: If Senator Murray speaks now, it will have the effect of closing the debate.

Hon. Lowell Murray (Leader of the Government): Honourable senators, in rising briefly to close this debate, let me make just one or two points.

First of all, I am not here and the government is not here with a brief from Canada Post. Canada Post is an arm's length crown corporation. That is the way it was set up by our predecessors in office. That is the way it is. The vice-president of Canada Post will be one of our witnesses in Committee of the Whole this afternoon. I invite honourable senators to examine him and cross-examine him on the policies of Canada Post, on its corporate plan, on the negotiations which have now

gone on for 25 months, and on the state of labour relations generally in that corporation. Have at him. He is here to speak for his corporation.

I am here to speak for the government, however. I must say that the accusation that we are interfering with or undermining the process of collective bargaining comes, rather strangely, 25 months after the previous agreement had expired. I remind honourable senators that rotating strikes had already begun some weeks ago, and what was destined to happen again if Parliament did not act was another round of rotating strikes. I know I do not need to remind honourable senators of the inconvenience and, yes, the hardship and misery that is visited upon many ordinary Canadians when there is strike action at the post office.

Twenty-five months this present dispute has gone on. We are acting now following the failure of a conciliation officer; following the failure of a conciliation board; following the failure of mediation efforts to arrive at a final settlement. It is no secret, honourable senators, that the country cannot endure a prolonged postal strike or strike action.

Senator Frith: Why not designate them?

Senator Murray: Nor can it endure rotating strikes such as we had earlier. Both parties know and the country knows that Parliament has always acted in the past, and Parliament will have to act in this case before we create further uncertainty and disruption affecting individuals and the Canadian economy.

The Leader of the Opposition suggests that we should consider designating the postal workers as providing an essential service. I do not think I am in a position to comment on that suggestion. Certainly it is an option, and certainly I would say that we have to consider all our options as a country, given the sorry history of labour relations in the postal service in this country.

Honourable senators will have an opportunity to question the the Minister of Labour, whose bill this is and who is in the position not only to explain the bill but to provide a history of the collective bargaining process, the conciliation process, and the mediation process as it proceeded and came to an unhappy end. We will then hear from the representatives of the union headed by Mr. Parrot, its president, and finally from the vice-president of Canada Post.

I will leave the matter, therefore, in the hands of honourable senators to obtain the information that they need to obtain in the process to expedite the passage of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

Hon. Lowell Murray (Leader of the Government): Honourable senators, I move that the bill be referred to a Committee of the Whole.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion to refer the bill to a Committee of the Whole?

[Senator Murray.]

Hon. Senators: Agreed.

Motion agreed to.

CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Gerald R. Ottenheimer in the Chair.

Hon. Lowell Murray (Leader of the Government): Mr. Chairman, we saw the Honourable Minister of Labour only a few weeks ago. I expressed the hope that we would not be seeing him again under such circumstances, but those hopes have been dashed. He is here to elaborate on Bill C-40 before the committee and to take any questions. The minister has a brief opening statement to make.

The Chairman: Honourable senators, the Senate is now in Committee of the Whole on Bill C-40, an Act to provide for the continuation of postal services. Shall we hear the minister?

Hon. Senators: Agreed.

Pursuant to agreement, the Honourable Marcel Danis, Minister of Labour, was escorted to a seat in the Senate chamber.

The Chairman: Mr. Danis, if you have an opening statement, the senators would be pleased to hear it.

[*Translation*]

Hon. Marcel Danis (Minister of Labour): Thank you, Mr. Chairman.

As you know, honourable senators, I had to table Bill C-40, an Act to provide for the continuation of postal services.

[*English*]

• (1610)

Unfortunately, honourable senators, I have had to do that because I have come to the conclusion that the parties were not able by themselves to settle the dispute. You are aware, no doubt, honourable senators, that this collective agreement expired August 31, 1989. At that time Labour Canada appointed an experienced conciliation officer, Mr. Andre Courchesne of Montreal, who met with the parties, had over 60 conciliation sessions and was not able to bring the parties together. We then appointed a conciliation commission made up of the union appointee, Jacques Desmarais, and the appointee by Canada Post, Mr. Arnold Masters. Both parties is agreed on the chairman of the conciliation board, Marc Lapointe, a former chairman of the Canada Labour Relations Board.

The conciliation board met for practically 23 months and was not able to settle all the disputes. I then called into my office the vice-president of Canada Post, Mr. Herald Dunstan, and Mr. Jean-Claude Parrot, President of the Canadian Union of Postal Workers. I suggested to them that I would be willing to ask Judge Alan B. Gold to serve as a mediator in the dispute, provided Mr. Parrot ordered his people back to work. When I did that the rotating strikes were approximately in their tenth day. It took me approximately two days to arrange

a back-to-work protocol between Mr. Parrot an Mr. Dunstan. And they did go back to work.

The judge met with the parties for close to seven weeks and told me that, even though the parties did negotiate in good faith and were sincere in their best efforts to try and reach an agreement, he felt that the parties would not be able to reach an agreement.

It is at that time that I decided to introduce Bill C-40. We must remember, however, that at the start of this dispute there were approximately 310 items under discussion by both parties; 260 of which were at the request of the Canadian Union of Postal Workers and 50 of those at the request of Canada Post. So that we did start this whole process with 310 items. A tremendous amount of progress has been made. A lot of progress was made by the conciliator and the commission. I am told by both parties that substantial progress was made under Judge Gold.

Unfortunately, we had to introduce Bill C-40. It is my best judgment, honourable senators, that the parties left by themselves are simply not able to reach an agreement, period. Both parties separately discussed with me the issues on which they were not able to reach full agreement. There were approximately eight or nine of them, which I would classify as monetary issues, on which there may eventually have been an agreement, but on one issue I do not care how much time we would have given these parties, I do not believe that it would have been possible for them to reach an agreement: the issue of the 130,000 outstanding grievances. The backlog is unbelievable.

With that in the background, honourable senators, I felt that Bill C-40 would be the way to solve the dispute. It is unfortunate that we have to introduce the legislation for the continuation of postal services, but it is in the best interests of the workers of CUPW, the best interests of Canada Post and the best interests of the country. Thank you.

Senator Frith: Mr. Minister, there is nothing personal in this. It is always a pleasure to see members of the government here. It is always good to have the opportunity to discuss with members of the government policy as well as legislation. In particular, we always seem to get along quite well with you. However I do hope that this procedure will not become a bad habit. I say "not become a bad habit", because we on this side feel that legislation and the threat of legislation has a seriously molignant effect on collective bargainning.

That leads me to ask you how sensitive and how conscious do you continue to be—that is, I hope you continue to be—about the effect that legislation and the habit of introducing legislation has on the collective bargaining process. Would you like to comment on that?

Mr. Danis: I am a very strong believer, as honourable senators know, of our collective bargaining process in this country. If I might remind honourable senators, at the federal level approximately 93 to 94 percent of the collective agreements are renegotiated through the normal collective process. Unfortunately, there are cases where it is my best judgment that the public interest warrants legislation. This is an exceptional case.

I know, honourable senators, that you will be meeting with two other witnesses this afternoon from both parties, but I have had a number of meetings with both of them and I cannot see how they can solve the grievance issue. It is unfortunate, but it is not because of lack of good faith on their part. It appears to me that it is one of those issues which is practically impossible to solve. That is why in the legislation that is proposed to you it is a form of binding arbitration on the issues on which they cannot agree. The first step would be that the issues on which they can agree would be signed off and the arbitrator would confirm that. The conciliation board report does take care of a number of issues by incorporating the conciliation board report into the legislation. I feel that we do not lose all the gains that have been made by both parties in this dispute. It will definitely shorten the time that the arbitrator will take. Even though I do not favour legislation of this type, I believe that there are certain cases where, unfortunately, it must be done.

Senator Frith: You say that, 93 per cent to 94 per cent of the time, bargaining results in an agreement.

• (1620)

Do you have any studies on what effect the legislation threatened and, in fact, imposed has on forcing those agreements? You have separated them completely; you say 93 to 94 per cent are settled and reach agreement, and that with the rest you have to impose a settlement. Is there any influence on the collective bargaining process in those other cases?

Mr. Danis: Unfortunately the other cases always appear to be the same ones. They appear to deal with grain handlers and they appear to deal with the post office. If I can separate both issues, there appears to be, in my opinion, a labour relations problem at Canada Post.

Senator Frith: That is an understatement.

Mr. Danis: Exactly. There is a labour relations problem at Canada Post. The conciliation board report even said that the conciliation board officers felt that there was actual, palpable hatred between the parties when they were negotiating. That is in writing in their report. That surprised me. I also understand that both sides are to blame for this sorry state of affairs. But to their credit, I must say that the intervention of Judge Gold had a very positive effect, I believe, on both parties. I think the climate of labour relations has improved, and as proof of that I cite the tremendous amount of progress that was made recently. I guess it was not improved enough for them to reach agreement.

Senator Frith: You might be able to clear up something that was reported when Judge Gold withdrew. It was said in the press that he had laid down an ultimatum to the two sides, that they either agree on such and such or else he would pull out. When they failed to do so he had to pull out in order to save face, to quote the expression that was used. What do you know about that?

Mr. Danis: Unfortunately I know very little of the Gold mediation. I understand that the judge works that way. I was not kept aware by him of the developments of the mediation under his directorship. At no time was I made aware of issues. When I tell honourable senators of certain issues that were not settled, I was, in turn, told about them by the parties, not by the judge.

Senator Frith: You hope that gains made during this long collective bargaining process will not be lost. That, I understand, was the motivation for your amendment introduced in the other place. We have had to compare that amendment to the letter from Mr. Courville that he had been carrying around to give to Mr. Parrot, saying that he was withdrawing everything that had been offered unless it was the subject of a written agreement. Do you think your clause will solve that problem, because it looks like a serious problem if you go back to square one.

Mr. Danis: I believe that the letter to which you are referring is an unfortunate letter. I have been told that it is "normal procedure in the case of negotiations to do these types of things". I certainly do not believe that it was a helpful letter that brought a positive light to the negotiations and the settlement we are trying to achieve. I do count, however, on the good faith—I do not believe that the delivery of this letter was carried out in bad faith—of both parties to meet with the arbitrator.

Senator Frith: Unfortunate faith but not bad faith. Minister, the legislation before us is also, as you have said, an exception. It is a further exception because it intervened in the collective bargaining process before there was a strike. I think, as I said, that you understate the case when you say you think there are problems between the two parties. I am concerned that by interfering before there was even a strike, and thereby forcing back the people who are apparently in a state of animosity, to put it mildly, you add to that animosity psychologically.

Mr. Danis: I do not believe, with respect, that we are doing that. It was my best judgment at the time, and it still is, that unfortunately there was no way to reach an agreement. I was careful before I recommended to my colleagues that we proceed with legislation. I met with both parties separately to determine if there were any open avenues that would lead to a settlement. It became clear to me that it was not possible. Again, we certainly do not like to proceed with legislation of this type, but you must take into account the 12 days of rotating strikes, the violence that was involved during those 12 days and also the fact that I had really run out of mediators. Again, I could not see the possibility of appointing another mediator. There was only one who came to my mind who would have been very good and that is the Prime Minister. He was busy on something else. I think he would have done a great job.

Senator Frith: Domestic and international.

Mr. Danis: So not having any other mediator, I felt it would be in the national interest to proceed. I told both parties at that time that I would proceed with legislation.

[Senator Frith.]

Senator Frith: It seems to me that in this case you are taking quite a big step. It is not a matter of forcing people back to the table where there is a strike. First, there is no strike; secondly, they were prepared to negotiate. You said that they had to go back and negotiate, and in effect you are legislating an agreement subject, at least, to the role of the arbitrator. What was at risk if there was no strike? Why not let the parties bargain? Why not let them knock their heads together if they were prepared to bargain, they were prepared to go back to the table and the mail was going to be delivered? Why would the government interfere in the process and, at the same time, say they believe in the process?

Mr. Danis: There are a number of reasons. The main reason is that we had had 12 days of rotating strikes.

Senator Frith: But they were not threatened this time.

Mr. Danis: True. Second, there are over 130,000 grievances, because of the sorry state of labour relations, and they were accumulating on a daily basis. There are also, I believe, 71 disciplinary cases from incidents that occurred during the rotating strikes that are not settled. The people involved in those 71 incidents, the 71 members of the Canadian Union of Postal Workers, given that the collective agreement was not in effect during the duration of the strike, were left in limbo. That is why we have a clause in the legislation dealing with those issues.

Apart from those reasons the main reason is the fact that I came to the conclusion that there was no possibility for them to reach agreement; just no way. I did not think that further negotiations or even further mediation assistance could produce an agreement. I even suggested something to the parties last Friday, when I was told how far apart they were. I was surprised to see how close they were when they both confirmed to me what they could not agree on, and I asked them to go through the weekend to settle the monetary issues not resolved. I said, "If you come back to me on Sunday night and the grievance issue is still unresolved, and if you both agree to leave it with me, I will deal with the issue." I talked to them on Sunday night and on Monday and they could not agree on the other issues. So there was no possibility of them getting an agreement, no matter how long it took.

Senator Frith: It is clear that that was your decision, not the parties' decision, that they could not reach an agreement. They were not the ones who stated that an agreement cannot be reached. You, the government, made the decision that these people who had been negotiating for that length of time could not reach an agreement. In other words, there is no question that they did not ask for this legislation. They did not say, "We can't agree, please come in and force it." You said, "I have decided you can't agree", and brought the legislation in.

• (1630)

Mr. Danis: I told them that I would introduce legislation. But it would be interesting to see, if you put the question to them—not the question, "Did you ask for legislation." I am sure the answer is "no" to that question, but the question as to whether they could have reached an agreement.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Mr. Speaker, you indicated, Mr. Danis, that you have not met judge Gold. Is there a reason why you did not have any discussions with him? Since he spent much time discussing with both parties, don't you think he could have given you useful information?

Mr. Danis: Mr. Speaker, I did not say I did not meet with judge Gold. What I said was that judge Gold did not inform me of the state of the negotiations. As I understand how he works, everything he is told by both parties remains confidential. I asked him, and this is his answer: "Ask the parties. If the parties wish to tell you, that is their choice." That is the way he works and that is why the parties always trust him.

Senator Molgat: He has to maintain the confidence of both parties.

Mr. Danis: That's right.

Senator Molgat: If both parties said: We are ready to free Judge Gold from this commitment. You are now going to appoint an arbitrator. Could that arbitrator use the advice of Judge Gold?

Mr. Danis: Certainly, according to our Canada Labour Code, the arbitrator could not ask Judge Gold to testify before him. What was said to Judge Gold is confidential and the Canada Labour Code recognizes that.

However, I think that the parties would benefit from following the suggestions that you just made. The other option, if you allow me, Senator, is the one I suggested to the parties. When I learned that there remained a few outstanding issues over the three years, I suggested to them a binding arbitration without a bill. I was still trying to avoid the bill. That did not seem to be agreeable to them.

Senator Molgat: Regarding the monetary issues, could you give us an idea of the amounts involved, did you figure out how large the gap was between the parties?

M. Danis: Mr. Chairman, no, I cannot give you the overall figure. I know, for example, that one of the outstanding issues is the union's request for a lowering of the six-week leave entitlement from 30 to 25 years of service. This is what I was told by Mr. Parrot. This alone would have amounted to about $4 to $4.5 million over the duration of the contract. I have the figure for that but not for the other outstanding issues.

Senator Frith: Could I ask another question, Mr. Minister? During your answers to the questions I put to you, I thought you said that one of the problems that motivated your initiative was the grievance arbitration backlog. I note from your speaking notes for a speech at second reading in the other place that you make the point that "Initial discussions during the Conciliation Officer stage centered on the grievance arbitration backlog." But you point out that "with the assistance of the officer, the parties signed a memorandum of agreement in February 1990 designed to expedite its resolution", and that that stage "did not result in the resolution of any other major issues."

Am I correct that the parties had entered into an agreement and signed a Memorandum of Agreement as far as the grievance arbitration backlog was concerned?

Mr. Danis: I am not aware of that, Senator.

Senator Frith: This document is something that comes out of Labour Canada and states "The Honourable Marcel Danis, Minister of Labour, speaking notes for second reading of the Postal Services Continuation Act, 1991 in the House of Commons." I am not reading from *Hansard*. I am reading from what your department put out. However, you are not familiar with these speaking notes?

Mr. Danis: I do not deny the facts that are there. According to what I have been told, the main issue which prevents a settlement of this dispute c'est l'impossibilite d'en arriver a une entente on the grievance backlog. There are other issues also, but I believe that is the main one.

[*Translation*]

Senator Frith: But there is an agreement on that mattter if I am not mistaken, that is in February 1990 an agreement signed specifically about the grievance arbitration backlog.

M. Danis: Obviously the agreement does not work since we are still in the same situation now. I have it from both parties that the crucial issue on which they have made the least progress lately is this one. I think this is confirmed by the fact we will always have 130,000 problems. Furthermore I am told by the union that between one third and one quarter of its whole budget . . .

[*English*]

—of the union budget of CUPW goes to pay lawyers for grievances. I believe the amount that I was given by Mr. Parrot, is that last year it cost him $4.5 million to pay lawyers to try to settle the grievance issue, and they are not making progress. I presume from that that Canada Post would spend the same amount of money, but they are not making progress.

[*Translation*]

Senator Frith: So Mr. Speaker, it is not the fact that they cannot agree on that point, but the fact that even with an agreement, they still have a hard time trying to enforce it.

Mr. Danis: Yes, Senator.

[*English*]

I also understand that one of the issues is who they appoint. I do not think they can agree on who to appoint for the grievance arbitrator. I believe they spend hours and hours on lists and they cannot agree on that. So if they cannot agree on that, they cannot solve the dispute.

[*Translation*]

Senator David: Mr. Chairman, I will ask the Minister a very, very naïve question probably. As I understand, you are appointing an arbitrator. This arbitrator has a 90 day delay to settle what could not be settled in two years. What are your hopes of solution from this arbitrator? Since there is only eight or nine serious outstanding monetary differences, you may hope that he will be able to settle them. But what about the

130,000 grievances? If it took a day to settle one grievance, you can imagine the number of days needed. Do you hope that in 90 days he will be able to settle such an impossible situation? As you already know, four bodies or persons have already looked at these problems. Please forgive the naïvety of my question, but I would like to have an answer.

Mr. Danis: Thank you Mr. Chairman. I know that the arbitrator would have three months to try to solve the problem. But as I said earlier, a lot of progress has been made following the efforts of Mr. Courchesne, the work of the Commission headed by Mr. Lapointe, and, especially, the mediation of Judge Gold.

Still, some issues remain to be settled. I am confident that the arbitrator, provided the senators give their approval, will be able to solve these problems with the powers given to him. As for grievances, the bill provides for the appointment of arbitrators. I hope that they will be able to come to an agreement on those grievances. Even though there are 130,000, the two sides tell me that a number of them are similar. So, it could be another story, but I understand there is still a lot of work to be done by the arbitrator.

Senator David: Do you have the power to extend the arbitrator mandate if the negotiations or hearings are going well?

Mr. Danis: Yes senator, it is provided in the bill.

Senator Murray: Mr. Speaker, if there are no more questions or comments, I will thank the minister, Mr. Danis, for his testimony before the Committee. Now, if the Committee wishes, I would like to invite the union officials to come before us.

• (1640)

Hon. Lowell Murray (Leader of the Government in the Senate): Mr. Chairman, we have with us representatives of the union. I want to welcome them and ask Mr. Jean-Claude Parrot to introduce his colleagues and to make a short opening statement.

Mr. Jean-Claude Parrot, National President of the Canadian Union of Postal Workers: Honourable senators, first of all, I thank you for this opportunity to appear before you. I am accompanied by two colleagues who are on the bargaining team with me, namely Jeannie Campbell, from Cape-Breton, and Lynn Bue, from Alberta. Both of them are postal workers: one is an inside worker and the other an outside worker. They are presently on the bargaining team, but as soon as the labour dispute is over, they will resume their jobs.

A couple of minutes ago, I heard the matter of the conflect particularly with regards to the grievance and arbitration process, being discussed. I think there is some confusion over what is going on.

At the bargaining table today, the settlement of 130,000 grievances that have accumulated is not an issue. Those grievances have already been referred to arbitral mediation, at least those that existed before February 1990. Since that time, there has been a further accumulation of grievances. We ask that all grievances accumulated on the date the new collective agreement is signed also be sent to arbitral mediation, so that we can make a fresh start, without having to deal with all accumulated grievances, otherwise the new procedure would not be able to function. That is the issue we are trying to negotiate.

As for failure to agree on arbitrators, we are talking about a situation where according to existing collective agreements, arbitrators are already provided. At the bargaining table, there was a request from the Canada Post Corporation to remove some of the arbitrators, obviously because there were decisions the employer did not appreciate.

We realize there may sometimes be reasons for allowing the parties to decide, for instance, to remove an arbitrator if he is no longer available or takes years to hand down a decision. However, when we are talking about recognized and respected arbitrators with a lot of experience, who are constantly handing down decisions and who know about collective agreements, we fail to see why those arbitrators should be removed from collective bargaining.

The Canada Post Corporation offered us an additional benefit that would give employees six weeks annual leave after 28 years instead of 30 years, if we agreed to get rid of certain arbitrators the Corporation doesn't like. Need I remind you, we are not in the business of selling arbitrators! As far as we are concerned, the arbitrators who are there were selected by both parties. We don't always like their decisions. However, I don't think that should be mixed up with the benefits being sought at the bargaining table. Otherwise we would have a situation where the arbitrators would say: After the bargaining process, one of the two parties is going to pay for the arbitrator to be removed. I don't think that is helpful. In any case, I thought this clarification might be useful.

The union was also very concerned with the law that was introduced. That is why I took the opportunity before the legislative committee yesterday to explain that the contents of the legislation would very clearly impose the report of the conciliation board chaired by Marc Lapointe. This report is already several months old and both parties have gone far beyond its recommendations since then, either by initialing clauses or by making agreements in principle that are not yet in the new collective agreement in that they have not yet been signed.

Mr. Courville sent us a letter one hour after the bill was introduced in the House of Commons, telling us that not only was he taking back everything that had been done since we obtained our right to strike and throughout the mediation period, but in the last paragraph, he clearly told us that he now accepted the conciliation report.

We very clearly saw the connection between a law that said the arbitrator would only have to impose the conciliation report containing recommendations and not a decision and the employer who told us that now with this legislation, they no longer needed what had been negotiated with us; they would have something better, the conciliation report. That is why we greatly insisted on amending the bill.

This morning, there was an amendment. It is not the one we would have wanted. I think that what happened in 1987 would be much better: the arbitrator was given the authority to consider the conciliation report and reach his own conclusions before making a decision.

This time, he must impose the conciliation report for issues on which the parties did not agree. That is too bad because the recommendations in the conciliation report were made to ensure a balance between the two parties for later on. Otherwise, perhaps Marc Lapointe would not have made the same recommendations, if they were to be binding on the parties.

The recommendations are to help the parties reach agreement. It is not an arbitration decision.

We hope the amendment will mean that the arbitrator will now be able to look at the issues yet to be settled between the parties. According to the amendment, we are talking only about the issues where both parties were in substantial agreement. Therefore, for some matters, the arbitrator will be bound by the conciliation report, in spite of today's amendment.

Since I do not want to take up too much of your time and I want to give you the opportunity to ask us some questions, I will conclude here and try to clarify some points while answering your questions.

Hon. Royce Frith (Leader of the Opposition): Mr. Parrot, without the legislation, do you think a collective agreement would have been possible?

Mr. Parrot: Senator Frith, through negotiation, it is possible to reach a negotiated settlement.

Senator Frith: You never left the bargaining table?

Mr. Parrot: No, senator Frith, we never left the bargaining table. Since the very beginning, we have been open to negotiation. I think what prevented us from reaching an agreement was the fact that one of the parties knew a special bill was forthcoming. I think that had a lot to do with the failure of the mediation process and of the last efforts made during this past weekend.

● (1650)

[*English*]

Senator Frith: What was the purpose in your calling off the strike action back in September?

Mr. Parrot: It was as a result of a request by Judge Gold to go back to work in order for him to accept the post as mediator. I understood his situation. In our opinion, he has a great deal of integrity. He is a well respected arbitrator. My brothers and sisters on the national board and I decided to accept the back-to-work request in order to assist the mediation process, and to ensure that other incidents that might create difficulties would not arise. We felt it was very important. It was not an easy decision to make. I am not sure we would have done it for anybody else; but with Judge Gold we felt that we could give it a try. I think it was worth it. I believe the progress made during the mediation surely showed that it was an exercise that was well worth the effort.

Senator Frith: Is it possible for you to tell us in terms that we can understand, because I know that these negotiations are very complex, how close you were to an agreement when Judge Gold withdrew?

Mr. Parrot: Yes. I can tell you, for example, that on the monetary issue there was a difference of between half a per cent and 1 per cent which separated the parties. That was not with respect to the wages, because the latest figures had been agreed upon. There were two benefits to be resolved surrounding the issue of money. So we were very close in that sense.

Everything except, in our opinion, the policy of the government, whether it be the direction that Canada Post must take, or the method by which Canada Post implements or carries out its operations, was either resolved in principle or close to being resolved in principle. When Judge Gold left last Friday, he left because the two parties told him that we had basically reached our bottom line. He could not get the two parties to move at that stage. For us, it was a situation in which we felt that the employer had to move. Thus, he felt his only choice was to leave. I think in leaving he knew that the parties would find themselves in a strange situation, being so close yet not being able to reach an agreement. I think that is what happened.

Immediately, we said that since we were so close we believed we should do something. So we did not provide the 24-hour notice to go out on strike. Instead, we indicated that we needed a period of reflection. I also think that was worthwhile because the next day we met again and more progress was made during the weekend—however, not much. Unfortunately, instead of going to the seven or eight points one by one and trying to see if we could reach an agreement in principle, and then look at how we would put that into contractual language, if there were problems, the employer chose the approach of a global offer.

This is what happened when the global offer arrived in front of us. It addressed the seven or eight points that were in dispute, but it also put into contractual language all the other issues that had been in dispute between the parties or were agreed to on in principle. We found that some matters in the agreement in principle were no longer agreed to, in the sense that it did not reflect what was agreed upon.

An example I would give in this regard is this: In the agreement that was reached between the parties a percentage of corporate outlets were to be maintained open during the life of the agreement. It was our understanding that this included all the existing services. Otherwise, to keep them open and to eliminate the services would not have worked. When it came back, not only was the maintenance of the existing service not in the language, but there were also conditions that we would accept part-time employees at the wicket. This is something that we do not have right now. This represents the very few full-time day jobs that are left in the bargaining unit.

In addition, there was a condition that we not carry out any campaigns against the contracting out of this work. We could not make application before the Canada Labour Relations Board to protest, to call for succession of rights, for example,

on the franchises. Obviously, this would be illegal anyway, but it was a request of the employer. We were willing to stop the boycott. We were even willing not to picket these private outlets. However, we surely were not willing to give away our right to campaign and to protest and to talk against the management.

That is one example. There was a series of things like that, some big and some small.

One other point was that according to the Minister of Labour we had only a few hours to make it or break it. The employer in his offer came out with something stating that it would take seven months to make the retroactive pay. Obviously, this is a bargaining matter. In our opinion, they would settle for the usual 90 days in the end. Why, then, at the last minute, did they come up with that kind of thing? They should have come right away with the 90 days so that we could deal with the real issues that were there.

We felt it was a clear indication that there would not be an agreement. I cannot give you the whole list; that would take too much time. There were a lot more than seven or eight issues in dispute.

• (1700)

Senator Frith: I know there were many issues in contention over the whole period of bargaining. Is it possible to say what percentage of those issues were still in contention when this legislation was introduced?

Mr. Parrot: It always depends on how the parties view them, because the issues come in packages. In one package, you may have two or three issues but if one is resolved, it resolves the others. So it is difficult to give a percentage. I would say there are a dozen issues that should be resolved in ongoing negotiation but many of them have already been agreed to in principle. Within those 12 issues, in some cases there is more than one sub-issue.

Senator Frith: I recently saw a video that described the psychological atmosphere that exists in the workplace after a strike. It did not deal with postal workers or any particular strike; it conducted a study by interviewing experts, and so on, about how difficult it is for both sides when a strike is over and people go back to work.

In this case, the people are already back at work, having been sent back by you. I also get the impression that in this particular case there is a long history of animosity between the two sides that, I suppose, would take place at the interface of supervisors and workers right on the floor. The tension of trying constantly to settle human relations on the basis of manuals and procedures must be horrendous in its mounting effect, having accumulated over years and years of being forced back to work and so on.

Can you give us any sense, or would it be too big a job to give us a sense, of what effect this legislation will have upon the workers and upon their relationships with the supervisors on the job? Can you draw any comparison between that effect and the effect that you would expect if an attempt were made to continue the negotiations?

Mr. Parrot: In my opinion, the legislation will have a very devastating effect. Personally, I have said quite often that if we had been able to reach an agreement without back-to-work legislation in this form of negotiation, I believe it would have helped the parties to go in a new direction. Some of the issues that have been negotiated between the parties require us to meet together more often than in the past and to work together in certain committees with some specific funds that have been developed. This would have been a good change for us.

I want you to understand that we are just coming out of a three- to four-year period that has been hell for the people on the work floors all across this country. I have two sisters with me who certainly could tell you a lot about the kinds of harassment that have been taking place there.

What is happening now, the latest difficulty, is that we cannot get those problems resolved. You cannot settle grievances at the level of the supervisor; you cannot get them settled at the level of the plant manager; you cannot go to the division level; you cannot go to the national level. You cannot go to the grievance process. It takes years to get a grievance resolved. So eventually you have a local supervisor on the work floor who continuously tells the workers, if you are not happy, grieve, and it will only take 37 years or 99 years to have your grievance heard. That's the kind of attitude we are hearing from management on a day-to-day basis.

A new direction that we would like to see in the field, is that management would agree that such an attitude should not take place anymore. We are close to an agreement regarding the grievance and arbitration process involving the introduction of expedited arbitration at the local level. This should provide a chance to have grievances resolved locally by the arbitration process. That would help a little bit. We are willing to go in that direction, despite our reservations, just to try to help the situation.

However, a serious change in attitude is required there. With the introduction of back-to-work legislation, we have difficulty seeing any indication that management has changed. After all, just 24 hours ago, management said that all the benefits that have been negotiated, the child care, the pension plan for part-time employees, the wages, the retroactivity, will be gone just by way of a letter given by management to the union, even before the law is adopted. This is the kind of attitude we are facing.

It is very difficult to believe now that, within the next 24 hours, conditions on the work floor will improve for our members. On our side, we will keep trying. But we need a method that will allow us to solve our problems as they happen, not 99 years later.

Senator Frith: Is your bargaining ability seriously restricted by this legislation, as opposed to the flexibility you had in negotiating before introduction of the legislation?

Mr. Parrot: In the case of the grievance and arbitration process, if the arbitrator does not succeed I think he is bound by the conciliation board report. The conciliation board report, unfortunately, came only with conclusions, and not recommen-

dations as such. That means it will require a lot of discussion between the parties, and, hopefully, the arbitrator can come to his own decisions on what should be recommended. Even the conciliation board report cannot totally solve this issue. It will simply give some ideas on how to deal with the issue of grievances and arbitration.

[*Translation*]

Senator Frith: Mr. Chairman, this will be my last question.

Mr. Parrot, do you think that the amendment proposed by the minister and adopted by the House of Commons adequately protects the progress made since the conciliation report?

You already alluded to the letter sent by someone for the Corporation and the possibility that all the progress made would now be lost. I believe that when the minister, Mr. Danis, made the amendment, it was precisely to protect the progress made.

Do you feel that the amendment achieves that?

Mr. Parrot: Our initial reaction is positive, especially following the statements made by the minister and the indications that were given, and also because it talks about "significant agreement".

We know that we had reached significant agreements in this process.

There is only one point that concerns us a bit. The amendment refers to a a significant agreement between the parties on the coming into force of this act. Now, as this act is coming into force, we have this letter from Mr. Courville who tells us that there is no agreement anymore. That is the only point that bothers us a bit. Does that letter destroy the intent of the provision?

For us, obviously, the date should have been just before the letter and not after. That is what concerns us a bit.

Will the employer go before the arbitrator and say: When the act came into force, there was no agreement, since we had sent a letter stating that there was no agreement.

In my view, this is the only point that is worrying. It seems to me we are being told that this should not be a problem. There is always the possibility that the arbitrator will be bound by what is written and not by the intent.

Senator Frith: In that sense, you are not completely reassured by the amendment.

Mr. Parrot: Not entirely, senator, but we have been told . . .

Senator Frith: Carry on.

Mr. Parrot: We have been told that this was not the intention and that the arbitrator would not make that interpretation. We hope so!

Senator Frith: Maybe we should ask representatives of the Corporation about that, to find out how they feel about the amendment in the context of their letter.

Mr. Parrot: Well, they could still maintain the position stated in the letter, namely that there was no agreement when the act was passed.

I hope the arbitrator will see a different intention unless, of course, we make sure this passage applies before the letter, that is at the moment the postal workers will again have the right to strike.

Senator Frith: Thank you.

The Chairman: Is there any other question?

Senator Molgat: Mr. Parrot, you probably heard the questions I asked to the minister.

As for the monetary aspect, do you have any idea of how you were opposed all in all on the question of money?

Mr. Parrot: Between half and one per cent, that is approximately 0.5 per cent. In fact, we are opposed on two kinds of benefits: the leaves of absence for the night workers and the holidays, where we are offered an improvement in exchange for no arbitration.

As for the rest, there are not many monetary items. Some measures may affect wages depending on how the employer will have to operate if it agrees with the changes we are requesting, but in a very minimal way.

Senator Molgat: What would that represent approximately in dollars?

Mr. Parrot: Less than ten millions dollars, I think. We are talking here of a four-year collective agreement and $2 billion. Naturally, considering the number of employees, it is a very small amount of money.

Senator Molgat: I do not want to put words in the minister's mouth, but I assume the big problem comes from grievances. If I understand well, you indicated that outstanding grievances under the old collective agreement should be left aside and things should start anew. Why did the Corporation reject that?

Mr. Parrot: We do not want to continue under the former collective agreement as such. We want these grievances to come before arbitral mediation, like the other grievances that are already at that stage. In fact, we have five arbitrators across the country who are trying to deal with 130,000 grievances and are dealing with both parties. We don't even have to use lawyers. We can process a great many grievances, and this is a much quicker way to dispose of them. It's a much faster process. That is why we want this.

Why did Canada Post refuse? We find this hard to understand. I think that in this case, they are afraid of the results. Remember, we win the vast majority of our grievances, and grievances represent millions that go well beyond the settlement of this dispute.

Seven or eight million remains to be settled by the parties. That is nothing compared with the grievances. We have calculated that these grievances will represent about $50 million for our members, once they are settled. We realize Canada Post is not terribly eager to settle all these grievances, because obviously, they will have to pay in the end for violations of the collective agreements they themselves help to make.

I think that may be one of the reasons why they are getting edgy.

Senator Molgat: Considering the situation today, do you agree we should pass this bill now? Is there any reason to delay it?

Mr. Parrot: I believe your time is important and I don't think that an extra five, six or seven days to finally adopt this bill would make any difference to us.

Of course, if there were major amendments like the one I mentioned, if an amendment can help, that's one thing. We have already asked our members to go back to work. So the fact that the debate continues will not keep people on strike. Obviously, we are all well aware of what remains to be done. We have been waiting for a collective agreement for two and half years. We are anxious to get there.

So whether the arbitration starts in five days or in two days, I think that once the arbitrator is there, the sooner we can begin.

Our only concern now, besides the point I raised here on the amendment, is that, in addition to what I was asked earlier, 71 people were dismissed outside the period covered and they will now be entitled to arbitration.

Among them are very many men and women in very difficult situations who will have to wait a very long time before being reinstated and being able to go back to work. In most cases, at least we tried to have the Corporation reinstate these people while we await the arbitration decision.

One of the problems we have with the dismissals at Canada Post is that we must always wait until the end and the employer often dismisses people, knowing beforehand that it calms the others down, but that we win our cases later in arbitration. You would not believe how many cases we win in arbitration!

So there are many injustices in that area and there have been a great number in this conflict. It is too bad that with a special law, we are put in a situation where we cannot negotiate a back-to-work protocol for our people as is normally done when the parties reach an agreement.

The result is that we have many people now who should normally be reinstated but will have to wait a long time for the arbitration decisions, and we never know how they will turn out, of course.

Senator Molgat: Thank you, Mr. Parrot.

• (1710)

[*English*]

Senator Bosa: Mr. Chairman, I wonder if there were other non-monetary issues which prevented the two sides from coming together. For instance, I recall you, Mr. Parrot, having been reported as saying that you did not want any more part-time workers hired because you felt that Canada Post should have enough permanent full-time workers to cope with the peak seasons such as Christmas and Valentine's Day. Was there disagreement in this? Were you able to make some progress in reaching a compromise in this area?

Mr. Parrot: On converting part time into full time?

Senator Bosa: Yes.

Mr. Parrot: There had been a lot of progress on that issue. We still had small points in dispute but the employer himself is telling us that it is cheaper to have one full-time employee than to have two part-time employees, if the work is there. So we are saying that if that is the case we should negotiate something that will allow the conversion of some part-time employees into full time. Right now there is a small difference between the two parties on how many part-time employees they will be allowed to use during the life of the collective agreement. However, the difference in figures between the parties is pretty small.

Senator Bosa: Do I understand you correctly, Mr. Parrot, that it was Canada Post that did not want to convert part-time workers into full-time workers? Is that the position? You were reported as wanting to have full-time workers to fill the peak times of mail volume in the Post Office, whereas Canada Post wanted to have part-time employees. If that were the case, what would these permanent workers do during periods in which there is a very low volume of mail?

Mr. Parrot: This is not the case. In the collective agreement today there is flexibility to use part-time employees during peak periods. We are not taking that away. For example, in the internal operations there are 4,200 part-time employees the employer can use for the peak periods. In addition to that the employer also has access to casual workers as well as what are called term employees.

There are term employees, for example, in Canada Post who have been working at full-time jobs for years and years who cannot have access to regular full-time jobs because the employer does not want to give them regular full-time jobs even if they are working full time. Not all of them are there because they are replacing someone. It is simply that there are vacancies that are not being filled in Canada Post.

The same is true in internal. We say that these people are being deprived of some rights, including accumulation of seniority. If they were regular employees their seniority would mean something, but to be a casual worker for seven, eight and nine years is a very difficult situation for those people. They never know from one day to the next if they will have a job in the Post Office, even though they are working full time. They are working full time for all these years because there are jobs for them. Why do we not give them a regular job? The only difference for the employer is that those people will have seniority and access to the same benefits as the other workers. The differences between casual work and regular work are not that big with regard to benefits because we have negotiated those things in the past. So why not make them regular employees instead of keeping them as casual?

That is an issue, yes, but that is not a cost issue to the employer. It is not a question of cost.

• (1720)

Senator Murray: Mr. Chairman, if there are no other interventions or questions, it remains only for me to say that

the testimony that Mr. Parrot has given us has been very helpful and has given us all, I believe, a better understanding not only of the issues at stake in the present dispute but also on the state of labour relations in the post office generally. I thank Mr. Parrot for that.

Honourable senators, if it is your wish, I will call the vice-president of Canada Post to the witness table.

Pursuant to agreement, Mr. Harold Dunstan, Ms. Bonnie Beretski and Mr. Gilles Courville were escorted to seats in the Senate chamber.

Senator Murray: Mr. Chairman, the final witnesses this afternoon are Mr. Harold Dunstan, Vice-President of Human Resources, Canada Post, who is seated in the centre of the witness table. On his right is Ms. Bonnie Beretski, counsel for the management bargaining team, and on his left, Mr. Gilles Courville, the chief negotiator of Canada Post.

Mr. Chairman, the witnesses advise that they do not have an opening statement, but they will be pleased to reply to questions from honourable senators.

Senator Frith: I would like you to tell us, if you will, where you were with regard to progress on negotiations when the legislation was introduced, or word got out that it was to be introduced? I ask you that because I have the impression, and I think that the country at large has the impression, that when the legislation came forward, the parties were negotiating. In other words, it is not legislation to settle a strike. It is not telling the workers to go back to work. They are back at work. You were in negotiations, and we got the impression from the media that when Judge Gold withdrew, both parties felt that there was still a possibility of agreement and that there was no breaking off of negotiations, no leaving the bargaining table when the legislation came in; that you were, in fact, at the bargaining table when the legislation came in. Can you tell us about that?

Mr. Harold Dunstan, Vice-President of Human Resources, Canada Post: Honourable senators, at the time the first announcement of the legislation was made, Chief Justice Gold had left the parties and announced that he felt no further progress could be made in mediation. The morning that he left, both the Canadian Union of Postal Workers and myself, on behalf of the corporation, felt that we were close, but due to the complexity of the mediation process where we were not meeting face-to-face, we were not sure exactly where we were.

Senator Frith: This process was a shuttle diplomacy, Henry Kissinger type of modus, I understand. Judge Gold goes and speaks to one side and then goes and speaks to the other side, but you are not in each other's presence during this process; is that right?

Mr. Dunstan: In the final days of the mediation process, that is how it was. We went through a variety of stages during the mediation process before Chief Justice Gold, but in the final days, we were not seeing each other face-to-face, with the result that Chief Justice Gold advised me, as I am sure he advised Mr. Parrot on Tuesday night, that he felt no agreement was possible. He brought us together on Wednesday morning and told us that he felt no agreement was imminent, and then he departed.

That afternoon, Mr. Parrot and his committee and myself, with members of the corporation, the bargaining committee, met with CUPW and exchanged views on where we were. It was clear on the Wednesday afternoon that, while we thought we were close, there were seven to nine issues on which we had possibly not reached agreement, or on which we did not have a clear understanding of what one party had said to Mr. Gold or what the other party had said to Mr. Gold, and that on two or three of the issues we were considerably far apart, far enough apart that there was no need for further discussions.

In the process, the Minister of Labour then announced that he was intended to table legislation, but prior to tabling it, contacted myself, as I am sure he did Mr. Parrot—as I learned afterwards— met with us individually and, given that there were only these seven to nine issues discussed whether or not we could get back together and attempt a resolution so that legislation would not have to be introduced.

Senator Frith: That was before the weekend?

Mr. Dunstan: This was before the weekend, yes.

• (1730)

Senator Frith: You negotiated over the weekend. Then after the weekend did you try to negotiate?

Mr. Dunstan: Yes. We met on Friday and Saturday. In the first session on the Friday, the number of issues outstanding increased from the seven to nine that we had originally thought were there to become 24 issues. We spent Friday and Saturday morning in two sessions discussing—

Senator Frith: But now you are face-to-face?

Mr. Dunstan: This is face-to-face, yes. We spent Friday and primarily Saturday morning discussing those issues that we felt jointly needed discussion, because I specifically asked the question: is there any element that needs further discussion? Late Saturday night the corporation then prepared an offer to the union on all of the items that were outstanding at that time, which we made to the union. The union responded late Sunday night to us that they considered our offer—as they said to Mr. Courville and myself who were there, and to two other members of the bargaining team—to be an insult and they had no intention of ever responding to our offer. And in the morning—-

Senator Frith: Which morning would that be? Monday morning?

Mr. Dunstan: On the Monday morning.

Senator Frith: Yesterday morning, October 28?

Mr. Dunstan: I lose track of days. Yes; Monday, October 28.

Senator Frith: Yesterday?

Mr. Dunstan: Yes. The Minister of Labour contacted me, and I indicated the events of the night before.

Senator Frith: Did you or, to your knowledge, anyone on behalf of the corporation ask for the legislation?

Mr. Dunstan: Not to my knowledge.

Senator Frith: Did Mr. Parrot, to your knowledge?

Mr. Dunstan: I do not know sir, no.

Senator Frith: He never told you, or you have no information that either side asked for the legislation?

Mr. Dunstan: During discussions before Chief Justice Gold, and also in committee meetings face-to-face, both of us had indicated to each other—that is, both Mr. Parrot and members of his committee had indicated to us and we had indicated to them—that neither of us wanted legislation because legislation does not serve either parties' purpose.

Senator Frith: I suppose it did not serve either parties' purpose. Also, does that include the dimension of the added psychological difficulties that occur when two parties are forced to go back to work together rather than going back of their own accord?

Mr. Dunstan: The experience in 1987 showed us that it was virtually a repeat of the events of the seventies when the Canadian Union of Postal Workers had been ordered back to work a number of times. The after-effect of ordering back requires special effort to try and work at improving relationships. Having been through that, and having taken considerable steps to improve that relationship I, on behalf of the corporation, felt that we would be redoing the efforts.

Senator Frith: Do you think that this legislation is more beneficial in its results and in the overall context to the corporation than to the union?

Mr. Dunstan: I do not believe that any legislation is favourable to one party or the other when you are put before an arbitrator. As both parties learned in 1987 when we were put before an arbitrator, an arbitrator is liable to do unexpected things, might side with one party or the other, or might split everything right down the middle. It is an unknown that neither one of us really wanted.

Senator Frith: Lastly, I want to ask you and Mr. Courville about a letter that I have, which was the subject of some discussion in the committee in the other place. It is addressed to Mr. Parrot and dated October 29, 1991. I would like it to be part of the record, so I will quote it. It reads:

> During the course of these negotiations, in an effort to reach a negotiated collective agreement and later, in an effort to avoid a strike with its costs and hardship caused by continued work disruptions, the Corporation made several proposals and offers and agreed to various texts and positions.

It now seems apparent, at this late hour—

We do not know what hour—I think "hour" is being used in a poetic sense rather than in a chronological sense; I do not know. Mr. Courville can perhaps inform us of that. But it does say "at this late hour". It continues.

> . . . that this effort, including all the most recent concessions the Corporation has made, has not helped us to attain our goal of a negotiated collective agreement.

Page two then states:

> This is to advise you that any and all of the Corporations's positions, offers and proposals made through the mediator or otherwise after midnight of August 23, 1991 are withdrawn. This includes any language, positions, offers and proposals that were accepted by the Union with the exception of clauses signed by the parties during the mediation process.
>
> The Corporation's position now reverts to the recommendations of the conciliation board chaired by Mr. M. Lapointe.

Why would that letter be delivered? It creates the impression to someone who is not expert in the field, and not on the inside as you are who perhaps understand its context better than I do, that all the progress that you made after August 23, 1991, is down the drain. That is a bit disappointing, even depressing, to think that all the time that you spent since August 23, 1991 is, if I can use the expression, down the drain. Perhaps you will also explain what the significance of the August 23, 1991, date is.

The impression that the creates to someone on the outside is that it is not a particularly helpful letter to the process.

Mr. Dunstan: One of the problems in our negotiations concerns the very words that the honourable senator used, namely, "to one on the outside". It is not normal during the negotiations that the table talk or the table manners would become as exposed as they have in this round of negotiations.

With honourable senators' indulgence, I would like to refer to an October 17 bulletin signed by Mr. Jean-Claude Parrot to his members. I will refer to one portion only. The bulletin states that

> . . . .at the current time we are not providing precise details of the discussions and negotiations. The reason for this is because the proposals being discussed are being made subject to a negotiated agreement. If strike action or a lockout occurs, the parties may resume the right to withdraw their positions as if they never existed.

As the honourable senator will note, this is Mr. Parrot's position and is basically the position that we took in our letter. It was merely a question, from a bargaining point of view, of who was going to say it first. We had made a decision—

Senator Frith: But was his case not different? Just repeat what he said. Did he not say "in the case of a strike or lockout"?

Mr. Dunstan: I am glad that you asked me to rephrase the last sentence, because it brings me to the next point. It states that ". . . if strike action or lockout occurs, the parties may resume the right to withdraw their positions as if they never existed."

During the mediation procedures, this position was discussed with Chief Justice Gold on each of our sides because we were

concerned about exposing ourselves. An agreement, was made, signed by both Canada Post and the Canadian Union of Postal Workers, that either party could serve notice on the other that they would strike within 24 hours. The corporation made the decision that we would not exercise this right of saying that things did not exist unless we were served with such a notice by the Canadian Union of Postal Workers. At 12:10 on the Monday, we were served with such a notice.

● (1740)

Senator Frith: 12:10 p.m.?

Mr. Dunstan: At 12:10 p.m. on October 28, I received a letter signed by Mr. Jean-Claude Parrot which reads as follows:

> Take notice that the agreement entered into on September 7, 1991 between the Canadian Union of Postal Workers and Canada Post Corporation will cease to apply as of 12:10 p.m., October 29, 1991 and that the Canadian Union of Postal Workers intends to exercise its right to strike as of that moment.

The letter signed by Mr. Courville was a protective reaction to the letter we received from the Canadian Union of Postal Workers. The preceding day, or that morning, the Canadian Union of Postal Workers had characterized our offer as offensive, manipulating and insulting. We had hoped that even though negotiations had broken down and even though they had characterized the offer in that way, perhaps there was still hope for settlement and therefore we did not intend to serve our notice until we were actually told that they intended to go on strike.

Senator Frith: As I understand it, they said that in the case of lockout or strike each party reserved the right, but did not automatically exercise it, to withdraw their position. They simply gave you the strike notice but did not withdraw any position, as your letter did.

Mr. Dunstan: As the honourable senator noted in an earlier comment, it is a question of a bargaining tactic or perhaps of phrasing it as who strikes first for protective purposes. Throughout the negotiations there had been a very clear understanding, reflected in Mr. Parrot's bulletins and in our discussions with Chief Justice Gold, that the entire discussion, particularly the discussion on the issues, amounted to agreements in principal only, and only subject to an overall settlement.

Senator Frith: We do not have a matching letter as such from them so I will leave it at that. I want to be sure that that is clear, because it leads me to my last question. You have the strike letter to which your letter was a reaction. Their strike notice was not accompanied by a "therefore-we- withdraw" notice. That was the situation that Mr. Danis was trying to react to through his amendment to clause 7, I believe. Do you think that that amendment succeeds in changing the rather bleak impression that the combination of the strike notice and your withdrawal creates? Do you think that the amendment gives us hope that maybe everything is not off the table and down the drain since August 23?

Mr. Dunstan: I believe that the amendment will give the arbitrator a greater opportunity, perhaps more direct latitude rather than indirect latitude, to consider the positions of the parties at the closing stages of negotiations and to examine our positions, along with any hope that we may have had that perhaps that would lead to a quicker resolution.

Senator Frith: But he will be able to say, according to the amendment as I understand it, that on that point there was substantial agreement. That is the phrase that is used "substantial agreement". You can say no. I mean, you can argue that the agreement, if there was one, was not substantial and that you had withdrawn it. Will you take that position?

Mr. Dunstan: The difficulty that the arbitrator will have will be in establishing what the agreement was because there were *quid pro quos*, such as, "I will offer this if this is set aside". At least the arbitrator with this amendment will now be able to directly look into those situations and make a determination.

Senator Frith: Do you agree that, according to the amendment, he will be the final decider on whether there was or was not substantial agreement? In other words, you can argue that there was not substantial agreement and Mr. Parrot can argue the opposite, but the decision will be made by the arbitrator as to whether the decision was substantial and therefore he can put that in the agreement, if he thinks there was.

Mr. Dunstan: As I understand the legislation, that is correct.

Senator Molgat: It seems that over the years the whole labour-management operations of the Post Office could be described as dismal. The Canadian public, I think is fed up with the operation. Can we hope for any improvement, or do you intend to continue in this same way?

Mr. Dunstan: Honourable senators, I hope that there has been recognition that in the workplace there has been considerable improvement. We have taken steps to introduce programs to ensure better relationships between management and employees at the local level.

At the national level the problem continues, as evidenced by this dispute. There is a difficulty in relationships. Part of the negotiation process, particularly the discussions before Mr. Chief Justice Gold, was to seek ways to allow the parties to discuss matters in fuller detail in the hope there would be a better relationship between union and management at the national level and that the improved relations in the workplace would move upwards into the organization.

In answer to the honourable senator's question, is there hope, the answer is yes, there certainly is hope. We know, and I believe that the Canadian Union of Postal Workers also know, that we cannot continue in the mold we are in now, and that we have to break out of it.

Senator Molgat: Both the minister and Mr. Parrot indicated that the major point at issue is the question of grievance. I also got the impression that the company has been, in a sense, encouraging the staff to go to grievance, and with the tremen-

dous backlog the time for resolution stretches and stretches and there is no resolution. What is the company's position on the grievance matter?

Mr. Dunstan: It has been my belief, and the corporation's belief also, that the grievance and arbitration processes are to be dispute resolution processes, and not sources of dispute. Unfortunately the process that we have in place is a difficult one. It has caused considerable difficulties. A number of third parties have commented on it and indicated that it needs improvement. There has been reluctance on the part of the Canadian Union of Postal Workers to entertain any change in that process.

However, as I understand the legislation that has been tabled, the arbitrator appointed will be able to look into the grievance and arbitration processes, and one can only hope that there will be a system that will improve the grievance and arbitration processes we currently have.

Senator Molgat: Does the company want the grievances to be settled or does it want them to drag on?

Mr. Dunstan: There is no question that we want them to be settled. One cannot walk around with a cloud of over 100,000 grievances hanging over one's head. Employees get frustrated with the system not being able to handle them, and management gets frustrated from not knowing where things stand. It has to be cleaned up, honourable senators, and this process and the arbitrator appointed under the legislation will be able to do that.

• (1750)

Senator Molgat: Is it your view that the legislation should be passed at this time? Is there any reason to delay the legislation?

Mr. Dunstan: I would see no reason, honourable senator, to delay the legislation. Without checking on where we are right now with respect to the corporation, I believe that the unknown state of affairs that is hanging over everyone's head must be cleared up, an arbitrator must be appointed quickly and both the Canadian Union of Postal Workers and the corporation have to show to our employees and to their members that there is some process that is addressing the contract under which they must live. I believe that speed, in that sense, is essential.

Senator Olson: Mr. Chairman, I want to clear up one thing in pursuit of what Senator Frith was asking a minute ago. In the letter of October 29 you advised that any and all of the corporation's positions, offers and proposals made through the mediator are withdrawn. Are all of your positions, or are all of these matters—without going over them again—a matter of public knowledge?

Mr. Dunstan: Honourable senator, I do not believe that the positions are a matter of public knowledge. I think that the media attention, and certainly the focus of that attention of the last couple of days, has made a great number of issues public knowledge, but not the substance of the issues.

Senator Olson: I do not know who the mediator will be. I doubt that it will be Chief Justice Gold. Will whoever arbitrates this situation have a knowledge of where both sides will agree, particularly yours, where your positions, offers and proposals will be known to him and that you do not dispute that? I understand you have withdrawn, and I am not arguing about that. I understand if one side offers a package and the other side does not accept the package then what is acceptable cannot be picked out. Will the arbitrator know what was substantially agreed to, or will you deny that you substantially agreed to all of those things?

Mr. Dunstan: Honourable senator, I believe the legislation in section 7(3) provides that the arbitrator has the powers and duties of an arbitrator under section 60 and 61 which, from my memory of the Canada Labour Code, allows that arbitrator to compel such evidence as he may require.

My experience in the past has been that both parties in situations such as this, in an effort to defend their positions, will bring as many—and many times too many—pieces of paper as necessary before the arbitrator to defend their positions. Therefore, it will depend on the skill of the arbitrator.

Senator Olson: But there has to be a reason why you withdrew all the positions, offers and proposals. You do not wish to go into an arbitration procedure with these things being satisfactory to you, apparently, so you withdraw them all.

Off the top of my head, I do not know what section 60 and 61 give the arbitrator the power to do. Will there be further dispute or argument on these matters on which you have already reached substantial agreement, because of your letter?

Mr. Dunstan: I think, honourable senator, that it is difficult to say at this time whether there will be a lot of argument. Clearly, each party took a position on a particular issue that they would back away from something if something else happened. I think the argument will be, did that something happen. I think that the Canadian Union of Postal Workers will have the same difficulty, perhaps more so than the corporation in this sense since it is the corporation that is giving. However, the Canadian Union of Postal Workers had some 260 demands on the table, a number of which had to be withdrawn in order for us to move on certain issues.

If those issues are still withdrawn on their side, and if they take the position that, yes, they are gone, then agreement might be forthcoming fairly quickly before the arbitrator.

Senator Olson: Did the union withdraw all of its positions, offers and so on when it called a strike?

Mr. Dunstan: Officially or directly as we did by letter, no it did not, senator. However, I believe that the situation there is that because we did it first, there was no need for the union do it.

Senator Olson: I am curious about this, because it seems to me that both the union representative and the corporation in the last two or three days said that you were very close to agreement. At least, it was reported that you had said that on Friday and on Saturday, and I think the Minister of Labour responded by delaying a bit, at least over the weekend. So will

we now have a wider gap between the parties when we get the arbitrator going on this than we had, say, last Friday?

Mr. Dunstan: Honourable senator, I will not know that until the arbitrator is appointed and we lay our positions before him and perhaps have the first or second session with him.

Senator Bosa: Mr. Chairman, I understand that one of the issues that appeared to encounter a great deal of difficulty on both sides was the question of part-time workers. I put the same question to Mr. Parrot earlier when he was here because he seemed to have been reported in the media at some time as saying that he wanted Canada Post to hire sufficient permanent employees to cope with the high peak of volumes such as Christmas and Valentine's Day, and that Canada Post resisted that suggestion. I do not know if you listened to his testimony, but he seemed to have told us, if I understood him correctly, that it is Canada Post that believes that hiring part-time workers is more expensive than having permanent workers.

Can you comment on that, Mr. Dunstan? Was that one of the main stumbling blocks among the non-monetary issues in reaching an agreement?

Mr. Dunstan: Honourable senator, to first address the issue of whether it is a monetary issue, the use of part-time workers versus full-time workers clearly is a monetary issue because it does have an operational cost to us. If we use a worker for eight hours a day, or if we have to pay a worker for eight hours a day and the demand for the worker or the operational use of the worker is only there for four hours, that means four hours of non-productive labour, so there is a cost.

Where we are apart is on the question of social direction, in my opinion, on the part of the Canadian Union of Postal Workers and a question of operational efficiency on the part of the corporation. There are peaks during the daytime, for example, in certain operations where we service the public. Clearly, early morning, late afternoon, and/or the lunch hour are times when we get more business in a postal station, for example, than we would get at other times during the day. When we do street letter box pick-ups throughout the city at 6 o'clock at night, there is clearly more mail in the plant for a very short period of time in the evening than there would be at 2 o'clock in the afternoon. We try to balance the use of part time and full time to address those operational requirements.

• (1800)

In the traditional use of part-time labour, the issue in the normal industry context is because of wages, but within Canada Post that is not the issue because we pay part-time workers the same benefits, the same salary. They get everything in terms of benefits that a full-time worker gets. The benefit issue is not one that one would normally see in another industry. Here it is only a question of whether or not we use part-time workers.

The other part of the Honourable Senator's question was, "Were we close?" Yes, I believe we were close on that issue. We were close in the sense that the corporation had made considerable movement to address the union's concerns. It is an operating restriction on the corporation when we accept that we will only use x-number of part-time workers. That has to be considered carefully by the corporation. We did address it through Chief Justice Gold in a very comprehensive manner.

Senator Murray: Mr. Chairman, it remains only for me to thank the witnesses from Canada Post for their testimony this afternoon. If there are no further questions, I would suggest, Mr. Chairman, that you take us clause by clause through this bill.

The Chairman: Honourable senators, I do not know whether it has been agreed to ignore the clock when 6 o'clock comes.

Hon. Senators: Agreed.

The Chairman: Shall clause 1, the short title, stand?

Senator Frith: Mr. Chairman, just before you do that, I do not know whether other senators have the same problem that I perceive that I have, namely that the copy I have is the first reading copy, which would be the unamended copy. I believe there was only one amendment. Do you have third reading copy? I have a copy of the amendment, but I still want to be sure I have an undertaking from someone that the bill I have before me, the one we are now about to consider and formally pass, is Bill C-40, and I have the first reading copy, October 28, 1991. Can we have some assurance that that is the right one except for clause 7, which you have to put to us as amended.

Senator Murray: Yes.

Senator Frith: So that is correct? The government is telling me that this is the copy? The only change is the—

Senator Murray: Yes, Mr. Chairman.

Senator Frith: Then we can proceed, Mr. Chairman.

The Chairman: Shall clause 1, the short title, stand?

Hon. Senators: Agreed.

The Chairman: Shall clause 2 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 3 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 4 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 5 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 6 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 7, as amended, carry?

Senator Frith: As amended in the House.

Senator Murray: As amended in the House, Mr. Chairman.

Hon. Senators: Agreed.

The Chairman: Shall clause 8 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 9 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 10 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 11 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 12 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 13 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 14 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 15 carry?

Hon. Senators: Agreed.

The Chairman: Shall the schedule carry?

Hon. Senators: Agreed.

The Chairman: Shall the title carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 1, the short title, carry?

Hon. Senators: Agreed.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

[*Translation*]

The Hon. the Speaker: Honourable senators, the sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Gerald R. Ottenheimer: Honourable senators, the Committee of the Whole, to which Bill C-40, an Act to provide for the continuation of postal services, was referred, has examined the bill and asks me to present a report, without amendment.

[*English*]

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Senator Murray: With leave, now.

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

Senator Molgat: Honourable senators, we have listened to the witnesses; both the company and the union have said that they see no purpose in delaying the bill at this point. We are prepared to give leave, but I must say that we are reluctantly supporting this bill. We frankly are not happy with these recurring actions by government to bypass the collective bargaining process. Nevertheless, under these circumstances we will not oppose the bill.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1

October 29, 1991

Mr. Speaker,

I have the honour to inform you that the Honourable Claire L'Heureux-Dube, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 29th day of October, 1991, at 6:10 p.m. for the purpose of giving Royal Assent to bills.

Yours sincerely,

JUDITH A. LAROCQUE
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

Senator Murray: Mr. Speaker, honourable senators, since the message concerning the third reading of this bill has now been sent to the House of Commons and the Deputy of His Excellency the Governer General is waiting, may I suggest that I bring her into the chamber, and that, therefore, honourable senators might bear with us for a few moments rather than adjourn.

The Hon. the Speaker: Is it agreed?

Hon. Louis-J. Robichaud: It will be difficult, but we will do it.

• (1810)

ROYAL ASSENT

The Honourable Claire L'Heureux-Dubé, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Acting Speaker, the Hon-

ourable the Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend An Act to provide for the appointment of a Port Warden for the Harbour of Quebec and An Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal, and to validate certain fees and charges established pursuant thereto (*Bill C-14, Chapter 32*)

An Act to amend the Canadian Wheat Board Act (*Bill C-23, Chapter 33*)

An Act to amend the Agricultural Products Marketing Act and to provide for other matters in relation thereto (*Bill C-16, Chapter 34*)

An Act to provide for the continuation of postal services (*Bill C-40, Chapter 35*)

An Act respecting a national day of remembrance and action on violence against women (*Bill C-202, Chapter 36*)

An Act to amend the Act of incorporation of the Seventh-day Adventist Church of Canada (*Bill S-3*)

The House of Commons withdrew.

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

• (1820)

The sitting of the Senate was resumed.

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday, November 19, 1991, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, November 19, 1991, at 2 p.m.

THE SENATE

Tuesday, November 19, 1991

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

Prayers.

[*Translation*]

THE LATE PAUL-ÉMILE CARDINAL LÉGER

TRIBUTES

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, Canada has just lost one of its noblest sons. Paul-Émile Cardinal Léger was indeed a giant of whom all of Canada can be proud.

Few Canadians surpassed him in culture, eloquence and especially sense of social duty.

[*English*]

After 17 years as head of the largest Roman Catholic diocese in Canada, Cardinal Léger resigned from this prestigious and influential position to become a missionary in Africa, devoting himself to the poor, the handicapped and the diseased. He gave them 12 years of his life; 12 years of untiring devotion which exhausted him to the point that, in 1979, he returned to Canada where he continued to work for the disadvantaged through a number of foundations, including the one which bears his name and that of his equally distinguished brother, the late Governor General, Jules Léger.

Few are the more needy areas of the world which have not benefited from Paul-Emile Léger's involvement in such fields as education, hospital care, public health and subsistence farming.

[*Translation*]

He did all he could with the best of his immense talents to improve the lives of the disadvantaged, to heal the sick, to help the handicapped overcome their difficulties, to clothe and house the poor and to give the hungry drinking water and bread.

That is why the whole nation paid him a deep tribute of gratitude and affection last Saturday in Montreal.

May the lessons of self-denial and love for one's neighbour, especially the poor and disabled, that come from the life of this great Canadian remain forever in our minds and our hearts.

Hon. Thérèse Lavoie-Roux: Honourable senators, I am sure that my colleagues on both sides of this House will want to join in this final tribute to Paul-Émile Cardinal Léger whose funeral was held last Saturday in Montreal.

I had the pleasure of knowing Cardinal Léger personally at various times in my life. In fact, I knew him when I was a young girl. I especially knew his parents who were quite outstanding people, unassuming, but very intelligent and cultivated. No doubt they greatly contributed to making Cardinal Léger the very humane and intellectual man that he was.

I think that everything has been said about the course of his life inside and outside the Church. Cardinal Léger was a very cultivated man. He was an exceptional communicator. No doubt this ability to communicate and his great eloquence were significant factors in his impressive career in the Church, but also outside it as someone who could mobilize incalculable energy in the many people who supported him in his numerous works for the poor and the sick, first in Montreal and then throughout the world.

It was mentioned that he helped launch projects in some 92 Third World countries. I think that the value of someone's work is shown if it can go on after him.

It was the case in Montreal with what he called his "big chores" when, as I was saying earlier, the St. Charles Borromée Hospital and the Foyer de la Charité, which were established during those days, would mobilize all his energy. Today, these institutions pursue their mission, although for many years now, the Cardinal was no longer directly involved. We can already see that the other missions that he established abroad will continue. In this regard, I would like to quote Mr. Roger Gaudry, former rector of the University of Montreal, who said:

> We are deeply distressed and saddened by his departure, but the message of hope left by that this great Apostle fills us with joy. He chose the people of Canada, the people of Quebec, foreign benefactors, his colleagues from the Jules and Paul-Émile Léger Foundation, as well as all the agencies that he set up, including the Cardinal Léger Leprosy Institute, the Cardinal's Partners, Help the Aged and Partners of the World—in other words you and me—to carry on his fundamental mission: to help the poorest of the world.

During the last twenty years of his life, and especially the last ten he was not able to make all the people of Quebec and even of Canada aware of our responsibility to help the underprivileged countries in the Third World.

Even if we forget it in our everyday lives because of all our other commitments, I believe that this reminder of our duty to help the people of the Third World is probably becoming more and more acute and current. If some continue his works and start similar ones, I think that humanity may be better and more respectful of individuals, of other countries and of all the citizens of the world, particularly the most underprivileged.

Hon. Pierre De Bané: Honourable senators, we mourn the passing of Paul-Émile Cardinal Léger. Born at the beginning

of the century, Cardinal Léger was a reflection of both the society and the Church to which he belonged.

He also made an outstanding contribution to the Church and to temporal society. Ultimately, Cardinal Léger was a man who loved God, the Church and those who suffer, with all the passion that was part of his nature.

As I said, he was a witness and a true reflection of the Church and society. In the first half of the century, Quebec was a monolithic, hierarchic, authoritarian society in which the Church exerted an influence which could hardly be overestimated. The prince of the Church triumphant personified with spirit and talent this era and its institutions.

Through a happy coincidence, the *aggiornamento* of the Church in the early 1960s, during the Second Vatican Council, took place just as Quebec was undergoing its Quiet Revolution, one aspect of which was precisely the end of the clerical society.

• (1410)

Cardinal Léger showed solidarity with this new Quebec in which the place and role of the Church were more discreet than when he was appointed Archbishop of Montreal in difficult circumstances.

With the passage of time, the vision that will remain in our minds will undoubtedly be his resignation, in 1967, when he left his archdiocese and went to Africa as a simple missionary.

I think that seeing this man leave his palace to live in a trailer in Africa in order to help his suffering hungry brothers was the most shining proof of Paul-Émile Cardinal Léger's love for his fellow men.

The two institutes that he founded, "Fame Pereo" and "Cardinal Leger and His Endeavours", gave large sums of money to hundreds of missions throughout the world, and are also proof of Cardinal Leger's devotion and determination to relieve human misery.

Honourable senators, on behalf of my party, I would like to extend our most sincere sympathies to the Church of which he was one of the most illustrious members and to the family of this great man.

[*English*]

THE LATE DR. ROBERT BAIRD McCLURE

TRIBUTES

Hon. Heath Macquarrie: Honourable senators, since we last met Canada has lost one of its great citizens in the person of Dr. Robert Baird McClure, late of Toronto.

Dr. McClure was the only lay moderator of the United Church of Canada. Doubtless he was chosen by that body of church people because of his great service to humanity in many spheres around the world. He was a distinguished medical man and a medical missionary who served in various parts of the Third World. We find that he was on loan to the International Red Cross and served in China for many years. He was in Sarawak. During the second great war he served on the Burma Road. He performed all kinds of operations. In fact, because he was so skilled in surgery he was made a fellow of the International College of Surgeons at Edinburgh University over 50 years ago.

I suppose it can be said of this man that instead of using his professional skill to gain professional advancement he devoted his skill to humanitarian service. He can be honoured among Canadians down through the ages because of this unselfish devotion and the pledging of his great gifts to worthy causes and to suffering mankind.

I had the honour of meeting Dr. McClure, and I wish I had known him better. One of the great things about him was that he was a man of humour and common sense, humble in his bearings. One time in Charlottetown when I was engaged in the humanitarian campaign of another great person, Dr. Lotta Hitschmanova, Bob McClure happened to be in Charlottetown. We asked him if he would come in to talk to our meeting, and he did. He began by saying, "This is a very special and important appeal. We don't want one of Aunt Mary's old hats or the pants that junior has grown out of. We want real help this time — and the first thing you can think about is money." Of course, with his great personality he made the campaign go over the top.

Dr. McClure was a man of the greatest appeal. One of the later moderators of the United Church of Canada, Dr. McLeod, said, "If Dr. McClure comes into a room for a while, there isn't a person there who does not believe that the world is a little better, and that their circumstances are a little bit improved because of the power and compelling role of his personality."

Dr. McClure was one of the greatest Canadians in my lifetime. Indeed, he was probably one of the greatest Canadians in Canada's history. I am sure that my colleagues will support me today as I salute this great man and tender to his wife and children the gratitude of a nation which has been touched by his service and has broadened its own outlook due to the broadness of his mind and the depth of his charity.

Hon. Lorna Marsden: Honourable senators, just over a year ago, I received an invitation from a young friend of mine, a student at the University of Toronto, to have lunch with Dr. McClure and his wife. Dr. McClure was such a Canadian legend, a man of such reputation, that it was a most exciting invitation. Dr. and Mrs. McClure arrived filled with energy. We had a long and most illuminating discussion about the situation in China from which he had just returned. His analysis of the cultural revolution, of the events of Tiananmen Square, his reaction, his constant correspondence with people still—all were most revealing.

It was a great privilege to be able to draw upon the life experience and the wisdom of a person like Dr. McClure. He was an extraordinary person with a sense of priorities and an analysis that went right to the core of important issues. Dr. McClure was also a person of progressive views. As we have heard, he was perhaps most broadly known across the country for his work as moderator of the United Church of Canada from 1968 to 1971. Those were years of changing times in this country, and Dr. McClure contributed quite significantly to

the institutionalization of some of the better and broader views that are now reflected in our laws and regulations. All Canadians are indebted to him in that respect.

However, his views were held philosophically, not opportunistically, and they arose from his experience, from his change of mind about a lot of the social issues of the day, and from his ability to understand what concerned people living in a situation of poverty, oppression, or otherwise disadvantaged situations in our society.

● (1420)

In the obituary published on Dr. McClure in the *Globe and Mail*, the Reverend Bruce McLeod, also one of Canada's leading progressive thinkers, said this about Dr. McClure:

> Wherever he went he left hope and optimism in his path. Nobody could feel badly about life after Bob McClure had been through the room. That was his gift.
>
> He thought boredom was the main sin.

I agree entirely with Bruce McLeod. Dr. McClure was an extraordinary person. His love of and loyalty to Canada was combined with his impatience of our provincialisms and our laxness in our duty and attitude toward the rest of the world.

Such were the contributions of his life that, while we all send our sympathy to his wife and his family, we can do nothing else but rejoice in what he accomplished and the influence he has had, and will continue to have, on Canadians young and old.

Hon. Daniel A. Lang: Honourable senators, Dr. Bob McClure was a Sunday-school teacher of mine before I was a teenager. I have known him all my life, and all the remarks that have been made about him are absolutely, utterly and completely true. He was an inspirational man of the first order and I say that from the most intimate personal experience.

"HOODS ON THE HILL"

FORTHCOMING PUBLICATION OF POLITICAL COMMENTARY BY THE HONOURABLE ROYCE FRITH

Hon. Daniel A. Lang: Honourable senators, I had a rather delightful experience coming here in the airplane today. I read a column in today's *Star* by Carol Goar, which referred to the fact that we have a new author in our midst. He was referred to by Carol Goar as an "elegant senator". I cannot think of a more apt description for our colleague, and I think that from now on I will refer to him as His Elegancy.

Those of you who may not have read the *Star* this morning may not realize that I am referring to the Honourable Leader of the Opposition in the Senate. He has written a book which I am sure will go down in the annals of Canadian literature, along with the writings of Margaret Atwood, Alice Munro and others, about our Canadian political experience. He has called this book *Hoods on the Hill*.

I will reserve judgment about the merits of this book until I have had a chance to read it. However, I hope that such a book will not further contribute to the hard-ball political partisanship that has characterized this place and the House of Commons over the last year. A kettle-and-pot name-calling contest would never be appropriate in this place, let alone at this particular time in our history. I know that every member of the Joint Unity Committee is aware of the depth of the disillusionment and cynicism of the Canadian public about our political processes, about our politicians, and about our Parliament.

As an independent, I only know what I read in the newpapers or see on television. Will Rogers did not mention television. There must be many reasons why this joint committee temporarily fumbled. Maybe there are no reasons. Maybe there are just excuses. I hope this is a temporary breakdown.

The Hon. the Speaker: Honourable senator—

Senator Lang: I need just 15 seconds more, honourable senators.

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

Hon. Senators: Agreed.

Senator Lang: Thank you very much, honourable colleagues. The mandate of this joint committee must, in all seriousness, override partisan political concerns. It must be motivated by the spirit that motivated our Fathers of Confederation.

Honourable senators, we live on a planet that is in terrible shape, and I give you the examples of the Middle East, South America, and the self-destruction in Yugoslavia. However, as Canadians, we live in a blessed land; we are a blessed people. Let us be proud to promote that fact. I pray that this committee will reunite in an effort to bring all Canadians together so that we may enjoy the future we have inherited.

Hon. Senators: Hear, hear!

POINT OF ORDER

Hon. Stanley Haidasz: Honourable senators, although I deferred to Senator Lang, I have a point of order that I wish to raise, and I should like to be recognized.

The Hon. the Speaker: Senator Haidasz, according to Rule 23(1), your point of order can be taken after Question Period. The rule states:

> During the time provided for the consideration of the daily Routine of Business and the daily Question Period, it shall not be in order to raise any question of privilege or point of order . . . .

You may raise your point of order after Question Period.

Hon. Stanley Haidasz: I wish to rise, then, on a question of privilege.

Hon. John Lynch-Staunton (Deputy Leader of the Government): That is the same thing. Read the rules.

The Hon. the Speaker: The wait should not be very long, Senator Haidasz.

Senator Haidasz: I cannot wait.

CLERK'S ACCOUNTS

STATEMENT TABLED

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that, pursuant to rule 134, the Clerk of the Senate has laid on the Table a detailed statement of his receipts and disbursements for the fiscal year ending the 31st of March, 1991.

ENERGY, ENVIRONMENT AND NATURAL RESOURCES

FIRST REPORT OF COMMITTEE TABLED

Hon. Dan Hays, Chairman of the Standing Senate Committee on Energy, Environment and Natural Resources, tabled the first report of the committee pursuant to rule 105.

SCRUTINY OF REGULATIONS

THIRD REPORT OF JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Gerald R. Ottenheimer: Honourable senators, on behalf of Senator Grimard, I have the honour to present the Third Report of the Standing Joint Committee on the Scrutiny of Regulations concerning the *Indian Health Regulations*, C.R.C. 1978, c. 955.

I ask that this report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day, and that it form part of the permanent record of this house.

(*For text of report, see appendix, p. 544.*)

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

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

• (1430)

CLERK'S ACCOUNTS

REFERRED TO COMMITTEE

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved:

> That the Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

[*Translation*]

CRIMINAL CODE CUSTOMS TARIFF

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-17, an Act to amend the Criminal Code and the Customs Tariff in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, November 21, 1991.

[*English*]

AGRICULTURE AND FORESTRY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. Efstathios William Barootes: Honourable senators, I give notice that on Wednesday next, the 20th of November, I will move that the Standing Senate Committee on Agriculture and Forestry have the power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject matters and estimates as are referred to it.

VETERANS AFFAIRS

PROPOSED INTRODUCTION OF "CANADIAN CROSS" AS HIGHEST DISTINCTION—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, 21st of November 1991, I will call the attention of the Senate to the Canadian Government's ill-advised plan to introduce the so-called "Canadian Cross" as the highest distinction for courage, thereby replacing the historic Victoria Cross, and to recommend to the Senate that the matter be referred to the Standing Senate Committee on Social Affairs, Science and Technology to examine the advisability of such action in light of the opposition of the vast majority of Canadian veterans and the demeaning of the heroism of not only those Canadian VC winners who have passed on, but those remaining; namely, Col. Fred Tilston, Lt. Col. CCI (Cecil) Merritt and Sgt. Ernest Alva "Smokey" Smith.

• (1440)

METROPOLITAN GENERAL INSURANCE COMPANY

PRESENTATION OF PETITION

Hon. John Sylvain: Honourable senators, I have the honour to present a petition from the Metropolitan General Insurance Company, of the City of Montreal, in the Province of Quebec, praying for the passage of an Act to amend the Act of Incorporation of the Metropolitan General Insurance Company, in order to authorize its continuance under the laws of the province of Quebec.

QUESTION PERIOD

AGRICULTURE

STATUS OF GATT NEGOTIATIONS—RESOLUTION OF GRAIN EXPORTS SUBSIDY WAR—FEDERAL SUPPORT FOR GRAINS SECTOR—REQUEST FOR UPDATES

Hon. H.A. Olson: Honourable senators, there are two questions on which I would ask the Leader of the Government to give us an update, if he has the information with him. They are on very familiar subjects.

The first question is whether or not the GATT negotiations are proceeding at some satisfactory level, so that we can look forward to a resolution of what has been called the international export subsidy war on grain.

The second question relates to the matter of the proposed, promised or announced $800 million payment to farmers, particularly western grain farmers. When the announcement was made, the caveat was that the Minister of Finance did not know where he would get the money. He indicated that he was not willing to have a further deficit of that amount. Therefore, he expressed his intention to find the money from within the commitments. However, at that time he did not announce where he would obtain the money to make this payment in February or March.

Can the Leader of the Government in the Senate tell us today where the money is coming from in order that there can be some assurance that the payment will be made at all?

Hon. Lowell Murray (Leader of the Government): To take the second question first, honourable senators, my friend should be in no doubt whatever as to the intentions of the government to make the payments that we have announced we would make. I have put on the record here on several occasions some indication as to what farmers could expect between now and the end of the calendar year 1991, and during the first six months of 1992. To that I can only add that probably this week my colleague Mr. McKnight will be making a further announcement respecting a significant portion of the new moneys announced some weeks ago.

So far as the source of the money is concerned, that is a matter that is properly the field of the Minister of Finance. He will make an announcement in due course on that matter, and I do not intend to try to scoop him on that.

To take the first question relating to the progress being made at the GATT, all the reports that we have received in the government from the responsible ministers and from our advisers, including Ambassador Shannon who was in town today, indicate that there has been much better progress recently than had been the case hitherto. The progress that has been made within the European Community itself in reforming the common agricultural policy is one factor contributing to some optimism about the outcome of the GATT.

Further to that, there have been discussions between President Bush and Mr. Delors, as there have been between Prime Minister Mulroney and Mr. Delors. The evidence is that the two big traders, the United States and the European Economic Community, are seriously engaged in a discussion of the full range of trading issues, including agriculture.

[Senator Sylvain.]

Whether the issues that my friend refers to will be resolved is a question that cannot be answered definitively until next month, December, but in recent weeks there has been much cause for renewed optimism.

Senator Olson: Honourable senators, I hope that the renewed optimism and the fact that the two major powers, the United States and Europe, are now discussing this matter is indeed an indication of perhaps more positive things to come.

With respect, the question as to whether or not the government has obtained a sourcing for the $800 million is rather critical. I hope that the minister will not continue to confuse the issue with whether or not it was money that was committed under the GRIP and the NISA programs that was to be paid in 1991 in any event, based on the premium contributions that have been paid by the farmers who applied for those programs. That has nothing to do with the $800 million that was promised; it is quite apart from that, and that is the point I wanted to talk about.

The Minister of Finance, and I can refer honourable senators to quotations, made it very clear that there was not to be an addition to the deficit to pay the $800 million. That is not my invention; that is what he said.

Senator Murray: Right.

Senator Olson: So unless and until a source of funds is found, it is clear that what the minister was trying to indicate is that the government does not intend to borrow the money to make the payment. Therefore, until and unless he finds that he is able to take this money from present expenditures and transfer it for this payment, obviously it will not be made.

Many farmers are wondering whether or not the government will actually make the payment at all, because the recession in some respects has been far more expensive than the Minister of Finance anticipated when he brought down his budget some months ago. Therefore, if the government is already falling behind on its prediction of the size of the deficit—and it looks like it might be substantially higher quite apart from this payment—then the people who are hoping the payment will be made ought to know if and when, based on its commitments, the government feels that it is ready to say yes, the payment will be made. That is all I am asking. Have you found the money yet?

Senator Murray: I do not know what the purpose of that lecture was. I have told the honourable senator that my colleague the Minister of Agriculture will be making a statement, probably during the course of this week, which I think will be of interest to him and to the farmers. That is the job of the Minister of Agriculture. He can make that statement as to the timing and the modalities of the payments to the farmers having taken advice, having received advice and considered it from the third line of defence committees that have been meeting and advising him. That is the job of the Minister of Agriculture. The job of the Minister of Finance is to find the money, and when he has done that and is ready to make an

announcement, he will make it. I think that is all my friend needs to know for the moment.

● (1450)

Senator Olson: No, my friend. Your friend has a very concerned person from western Canada who wants to know —

Senator Murray: You mean Conservative.

Senator Olson: Concerned, not Conservative. He wants to know, based on the qualifications that the Minister of Finance and the Minister of Agriculture made, whether or not this government will make the payment at all, or if it is just a bunch of fluff. On the basis of what you just said, I am asking: Is the Minister of Agriculture in the process of trying to find a transfer of funds from some other program in the Department of Agriculture? I believe that is where his authority more or less begins and ends insofar as payments are concerned. Or will the Minister of Finance rearrange some of the financing that the government announced in its last budget in order to find the $800 million? He does not need to come back and fluff the issue. They have made it very clear; they said that they did not intend to borrow more money to make the payment.

Senator Murray: That is correct, honourable senators.

AGRICULTURE

PRINCE EDWARD ISLAND—EFFECT OF VIRUS INVESTIGATION ON SEED POTATO INDUSTRY—GOVERNMENT RESPONSE

Hon. M. Lorne Bonnell: Honourable senators, since we are talking about agriculture, I would ask a question of the Leader of the Government in the Senate, on potatoes and the PVY-n virus. What is the status of the investigation of the Department of Agriculture concerning the PVY-n virus? Apparently, many of our farmers in Prince Edward Island had to plough down their potatoes, only to find out afterwards that the Department of Agriculture had made a mistake and that there was no PVY-n virus in them at all; that it was, in fact, another virus. Will the federal government, through the Department of Agriculture, now pay those farmers the many thousands of dollars that they have lost over their potato crops?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will have to obtain an up-to-date report from my colleague the Minister of Agriculture on that matter. As the honourable senator knows, the situation was the subject of very serious discussions between the premier and other officials of the Province of Prince Edward Island and the Minister of Agriculture and several of his federal colleagues last spring and summer. I am certainly under the impression that the solution that was arrived at was regarded by all sides as being a fair, equitable and practical solution under the circumstances. However, since my friend wants an update, I will try to obtain one from my colleague Mr. McKnight as soon as possible.

Senator Bonnell: Honourable senators, I do not disagree with what the Leader of the Government said here in the Senate. However, that was based on false information from the Department of Agriculture to the people of Prince Edward Island, to the farmers of Prince Edward Island, to the government of Prince Edward Island, because the tests apparently carried out by the federal inspectors were wrong. The potato farmers of Prince Edward Island would like to know what the federal government intends to do about this situation.

The Prince Edward Island seed potato is the best in the world. Because of the destruction of this year's crop due to the scare on this virus, this year's market is lost and the economy of Prince Edward Island is now in a very serious situation. The farmers are also facing a very serious situation. I would appreciate it, if the Leader of the Government would bring forth an update on what has taken place in November, 1991, as opposed to what took place in May, 1991.

Senator Murray: The honourable senator must surely be aware that the problem arose when the United States closed its border to the potatos from Prince Edward Island, alleging that the virus to which the honourable senator refers was present in shipments going across the border. This was the subject of considerable discussions between Canadian and United States authorities at the time, and later between the responsible federal and provincial ministers. The honourable senator is making some quite sweeping allegations, and I will indeed want to obtain a written report from my colleague and bring it to the attention of the house as soon as possible.

Senator Bonnell: I would just inform the Leader of the Government that although the U.S. authorities indeed stopped potatoes from entering the United States from Prince Edward Island, it was because of information that was passed on to them by the inspectors from the federal Department of Agriculture. They told the Americans that our potatoes had this virus, and the Americans said, "Well, we do not want those potatos to come across our border." We have been led down the garden path by the federal government, and their advice has been instrumental in ruining the best industry we had in our province, namely the seed potato industry.

PRINCE EDWARD ISLAND

FIXED LINK—LOCATION OF CONSTRUCTION HEADQUARTERS—GOVERNMENT POSITION

Hon M. Lorne Bonnell: Honourable senators, I would like to have an update on what is to take place with respect to the fixed link that is to be constructed between the provinces of New Brunswick and Prince Edward Island. Now that there is the possibility that the rest of Canada and North America might like to join us and become part of our province, I understand that the premier of our province has said that there will be no fixed link, and that he will not let Canada join with us, unless the head office for the construction of the link is in Prince Edward Island. Has the government of Canada agreed to that as part of the terms of construction? If so, it looks very much like the rest of you may become part of our province in the future.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask my colleague Mr. MacKay the Minister of Public Works for a report on this matter. Meanwhile, may I say that we are still waiting patiently for a statement from the honourable senator as to whether he supports or opposes the fixed link.

WESTERN SAHARA

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

Hon. Lorna Marsden: Honourable senators, I would like to ask another western question, but this time about the western Sahara. Senators will be aware that in September a peace plan was to take effect in the dispute that had been going for many years in the western Sahara. Reports now indicate that this peace plan is not being implemented.

Senators will note that Canadian forces are the largest part of the peace-keeping contingent currently in the western Sahara. It is my understanding that there are no observers or journalists being allowed into the area to look at the implementation of this peace plan and that there is yet another green march coming from Morocco into the area.

I ask the Leader of the Government in the Senate three questions. First, can he tell us what the situation is of the Canadian forces who are part of the peace-keeping mission? Second, can he tell us what Canada is doing to discover the condition, and possibly relieve the condition, of civilians in the refugee camps? Third, can he tell us whether any Canadian observers and journalists are in the area, or will be shortly in the area?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I regret to say that my notes on this matter are far too old to be of much use in view of the questions that the honourable senator has just asked. I will attempt to get a more up-to-date report from the Secretary of State for External Affairs and bring it before the Senate in the course of the present week.

HONOURABLE LORNA MARSDEN

FELICITATIONS ON APPOINTMENT AS CHANCELLOR OF WILFRID LAURIER UNIVERSITY

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must take advantage of this first opportunity provided by Senator Marsden to offer my congratulations, and the warmest congratulations of all of us, to the honourable senator on her appointment as Chancellor of Wilfrid Laurier University.

Hon. John B. Stewart: It is very clear, honourable senators, that the Honourable Senator Marsden will be running a very tight ship at the university.

[Senator Bonnell.]

Hon. Senators: Hear, hear!

• (1500)

WESTERN SAHARA

IMPLEMENTATION OF PROPOSED PEACE PLAN—PRESENCE OF CANADIAN TROOPS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a supplementary to the question raised by Senator Marsden.

I believe the Canadian government also dispatched some troops to the western Sahara. Could the minister at the same time report on the status of that group, where they are and how many are involved?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there was a very small number at first. I will obtain a report from my colleague.

Hon. Lorna Marsden: Honourable senators, it may have been a small number, but it is the largest contingent. Canada has more people there than any other nation and is therefore looked to to provide leadership in this area. It worries me that the minister's notes are not up to date on this issue. It is exactly the nature of the problem that areas such as western Sahara have been trying to deal with for years. I am sure we would all be grateful if that report could come in as soon as possible.

CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

ST. PIERRE AND MIQUELON—STATUS OF ARBITRATION ON TERRIRITORIAL SEAS

Hon. John B. Stewart: Could the Leader of the Government in the Senate tell us what progress we may anticipate over the next few weeks in the arbitration with regard to the claims of France concerning the Canadian territorial sea adjacent to the islands of St. Pierre and Miquelon? If his homework is not up to date, an answer tomorrow or the next day would be acceptable to me, although perhaps not to Senator Marsden.

Hon. Lowell Murray (Leader of the Government): Honourable senators, all I can tell the honourable senator today is that the decision on the Maritimes boundary is expected early in 1992.

Senator Stewart: May I ask the honourable senator, then, if it is expected that the board will give its decision at the time that was anticipated when the board was given this reference, and if there is to be a delay, then what regime will apply insofar as fish quotas are concerned in the disputed waters?

Senator Murray: Honourable senators, I am informed that an agreement signed by Canada and France in March provides that the quotas are extended on a quarterly basis until a decision has been handed down. The agreement does not provide for quotas past the end of 1992.

I am not sure what date was foreseen concerning a decision at the time the process began. However, my information is that we still expect the boundary decision in early 1992.

TRANSPORT

SHIPMENT OF CANADIAN GRAIN THROUGH U.S. PORTS—GOVERNMENT POSITION

Hon. Raymond J. Perrault: Honourable senators are aware of the fact that very vigorous competition exists on the west coast of North America with respect to the use of port facilities.

An item which has distressed many people living in British Columbia occurred last week when it was announced that some shipments of Canadian grain will now be shipped through the ports of Seattle and Tacoma in the State of Washington. The grain workers' union and the longshoremen on the west coast insist that there is the capacity in Vancouver to undertake those shipments from British Columbia ports.

Will the Leader of the Government tell us whether the shipment—

Senator Barootes: They're on strike!

Senator Perrault: No, they are not on strike, honourable senators. I would ask Senator Barootes not to denigrate the responsible trade union people on the west coast when the facts are simply not in accord with his prejudices.

Can the Leader of the Government tell us whether the announced action to ship barley and other grains through the Port of Seattle constitutes a change in policy on the part of the Government of Canada? After all, we were assured that the free trade arrangement with the United States meant jobs, jobs, jobs. We felt these jobs would be Canadian jobs and not American jobs.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will obtain a report on the specific situation to which the honourable senator refers.

GOODS AND SERVICES TAX

STATUS OF LIBERAL PARTY POLICY—RESCISSION OF TAX ON BOOKS—GOVERNMENT POSITION

Hon. Jean-Maurice Simard: Honourable senators, I have a question for the Leader of the Government in the Senate. As reported in the *Toronto Star* of November 16 by George Oake, the Leader of the Liberal Party of Canada, Mr. Chrétien, went west for four days. Apparently, the trip delighted his Alberta fans.

It is also reported in the same paper that Mr. Chrétien went west to obtain a higher profile and to hammer home his policies. He talks about some of his policies, including a promise that the goods and services tax would vanish under a Liberal government.

[*Translation*]

On November 15, 1991, *Le Soleil* reported about the same trip, and I quote:

> The Liberal leader Jean Chrétien promised yesterday that he would get rid of the GST on books if he forms the next government, but that it will be maintained on several other goods and services, he added.

Of course, I do not want government policy to follow the about-turns and changes of heart of our friend Mr. Chrétien.

Nevertheless, the tax on books is a problem. Others brought this up a while back. I would like to know if there is, within government, any sign of an exemption or provision that might foster the sale of books and, thus, provide relief to editors and potential buyers.

I know this kind of thing is normally discussed and announced at budget time, but I would like to get from Senator Murray assurances that, like several of us, he will keep doing his best to bring relief to this segment of the industry.

Hon. Lowell Murray (Leader of the Government): Honourable senators, as with any tax measure, the government takes into consideration the impact of the GST on various industries. We will act accordingly in due course.

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a number of delayed responses to questions raised in the Senate on September 24 by the Honourable Senator Marsden regarding Sri Lanka; by the Honourable Senator Everett on October 22 regarding the Bank of Canada; and by the Honourable Senator Marshall regarding the time requirements for Order Paper questions. I have one answer to a question raised by the Honourable Senator Molgat on October 23 regarding the Canada-United States Free Trade Agreement—Duty on Live Hogs. I have responses to three questions raised on October 29 by the Honourable Senator Grafstein regarding France and Germany—Proposal to Form Joint Military Troop; one by the Honourable Senator Olson regarding international grain sales and the interest charges related thereto; and one by the Honourable Senator Molgat regarding the Great Whale Project.

FOREIGN AFFAIRS

SRI LANKA—POSSIBLE IMPEACHMENT OF PRESIDENT—HUMAN RIGHTS ABUSES—EFFECTS OF CIVIL WAR—ECONOMIC AID AND DEVELOPMENT—CANADIAN ROLE

(*Response to question raised by Hon. Lorna Marsden on September 24, 1991*)

> The Sri Lankan Parliament reconvened on September 23. There were two days of inconclusive debate on the impeachment motion, following which Parliament recessed until October 8. Following the reconvening of Parliament, the Speaker dismissed the impeachment motion on the grounds of insufficient votes to carry it.
>
> This Government is most concerned at the continued conflict between Sri Lankan armed forces and Tamil

secessionists, and the attendant human rights abuses. We have made clear on several occasions, including the U.N. Commission on Human Rights annual hearings and the annual donor consortium meeting, that we believe both sides in the conflict bear a responsibility to ensure the safety of civilians and to observe their human rights.

Canada is continuing to provide aid to Sri Lanka. Official Development Assistance is budgeted at $14 million annually, and is focused on human resources development and training, support to voluntary and non-governmental organizations, and support to small scale entrepreneurs and self-help projects.

Additionally, the Government has offered to share its experience in constitutional reform, federal-provincial relations, devolution of powers, bilingualism, and multiculturalism to assist and encourage Sri Lanka to resolve the current conflict in a peaceful and equitable manner. A Sri Lankan mission was scheduled to visit Canada in September but has been postponed. A senior representative of the office of official languages was in Sri Lanka in late October to assess the need for language guidelines and legislation, and the nature of assistance that Canada could offer.

NATIONAL FINANCE

BANK OF CANADA—OBJECTIVES OF MONETARY POLICY—PRESERVATION OF PRICE STABILITY

(*Response to question raised by Hon. Douglas D. Everett on October 22, 1991*)

Amending the Bank of Canada Act so that the mandate of the Bank of Canada will be to preserve price stability does not mean that monetary policy will be ignoring growth, employment and the exchange rate.

Changing the Bank's mandate merely recognizes the fact that, in the longer term, the only contribution that monetary policy can make to sustained economic progress is to preserve the purchasing power of Canadian money; that is, to ensure price stability.

The experience of countries like Germany and Japan demonstrates that low inflation does not detract from economic growth. Rather, it enhances growth. Indeed our own experience demonstrates this. During the low-inflation 1950s and 1960s economic growth was much higher in Canada than in the higher-inflation 1970s and early 1980s.

Achieving and maintaining price stability is the only way to secure permanently lower interest rates, support strong sustainable growth, and avoid the erosion of the real living standards of those on fixed incomes.

Canada is not alone in emphasizing the importance of price stability. It is the key objective underlying monetary policy in a number of industrialized countries. The importance of price stability is reflected in the communique from the July London G-7 Economic Summit meeting: "Our shared objectives are a sustained recovery and price stability."

We realize, of course, that price stability cannot be attained immediately. As well, there will, from time to time, be disturbances that cause temporary deviations from price stability. Our commitment to price stability does not mean that other economic goals and objectives will be ignored. Indeed, in the *Canadian Federalism and Economic Union* document, it is stated that:

> "In determining the desired path toward price stability, and the appropriate pace to return to price stability following (economic disturbances), monetary policy should be conducted with due cognizance of the path to price stability that best contributes to other Canadian economic objectives".

NEWFOUNDLAND

GOVERNMENT CONTRIBUTIONS TO MARBLE MOUNTAIN AREA—REQUEST FOR CLARIFICATION OF ANSWER

(*Response to question raised by Hon. Jack Marshall on October 22, 1991*)

This matter was originally discussed in the House of Commons in 1975. A study followed, which resulted in the issuing of "cost approximations" of the average Order Paper question. This was done periodically from 1975 up until the current session.

The Government House Leader decided that it would be useful to give more accurate figures to ensure that MPs and Senators would be made aware of the associated costs of their enquiries. Thus, last spring, the Parliamentary Returns Division (PRD) of the Office of the Leader of the Government in the House of Commons was requested to set up a cost accounting system to identify time consuming questions and determine their cost while minimizing the time and cost of the exercise.

Based on the 1975 experience, it was decided that respondents would only provide the approximate total number of hours/minutes spent to prepare each response. The total number of hours/minutes includes the approximate time spent on all preparation steps i.e.: assignment, research, preparation, editing, coordinating, typing, computer time, review, translation, approval, printing, etc.

The formula is: Time spent to prepare response multiplied by the hourly rate of the Public Service plus printing cost, if voluminous.

Recent Changes

On October 2,1991 the Speaker of the House of Commons ruled that the inclusion of these figures was an unnecessary addition to the answer therefore should not be continued (Commons debates, October 2, 1991, pages 3147-48).

As a result, the practise of pricing answers has been terminated in the Senate. In the Commons however, what now occurs is that an enquiry is tabled requesting a cost

and time analysis for Order Paper questions answered during a specific time frame (Commons debates, October 9, 1991, page 3521).

CANADA-UNITED STATES FREE TRADE AGREEMENT

U.S. DUTY ON LIVE HOGS

(*Response to question raised by Hon. Gildas Molgat on October 23, 1991*)

This duty increase is part of the normal administrative review process under U.S. countervailing duty law. With the publication of each review of the 1985 countervailing duty order, the duty can be adjusted both up or down—as it has been over the past five years. The rate of duty is tied to the degree of support provided to the Canadian industry. Basically, assistance under the tripartite stabilization programme.

Government officials have been in touch with the industry to discuss this duty increase.

The final determination in the fourth review is now being reviewed by a binational panel under Chapter 19 of the FTA and the Government is a party to those proceedings. We understand that the industry is also considering binational panel review of this recent determination. Should the industry decide to do so, the Government will also join in that review.

EXTERNAL AFFAIRS

FRANCE AND GERMANY—PROPOSAL TO FORM JOINT MILITARY TROOP

(*Response to question raised by Hon. Jerahmiel S. Grafstein on October 29, 1991*)

The Government has received preliminary reports of the Franco-German proposal. European community states' aspirations to express a common security and defence policy are a natural development in the process of European integration. A recent U.K.-Italy statement is also relevant in this regard.

The choice of the mechanism for the evolution of a European defence and military security pillar (the Western European Union or some other institution) is purely a European decision.

Canada welcomes the development of a European defence and security pillar. It is essential, however, that a European army pillar not compete with NATO, but evolve in close cooperation with the Alliance. A stronger European defence and security identity is essential to the revitalisation of NATO. This was affirmed at the London Summit in July 1990 and in the meeting of NATO Foreign Ministers' meeting in Copenhagen in June 1991.

CANADIAN WHEAT BOARD

INTEREST CHARGES RELATED TO INTERNATIONAL GRAIN SALES

(*Response to question raised by Hon. H.A. Olson on October 29, 1991*)

There have never been any payments made by the federal government under the guarantee to the Canadian Wheat Board and the banks. The credit extended by the Canadian Wheat Board to its customers is debt that is backed by the sovereign guarantee of repayment from the importing country. Sovereign debt is ultimately collectible.

Neither the Canadian Wheat Board nor the producers' monies are used to pay interest charges on extended credit since interest on credit extended to purchasing countries accumulates to the account of that country. The Canadian Wheat Board is, in effect, borrowing funds to cover interest payments and adding the funds borrowed to cover interest to the total amount owed by the purchasing country. There has not been any risk for either the Canadian Wheat Board or the producers on whose behalf the Canadian Wheat Board is selling grain. The federal government guarantee of repayment by the purchasing country includes both the principal and accumulated interest.

THE ENVIRONMENT

GREAT WHALE PROJECT—EFFECT OF DAMS ON GREENHOUSE EMISSIONS

(*Response to question raised by the Hon. Gildas L. Molgat on October 29, 1991*)

Dr. John Rudd was denied permission to travel to the New York hearings on the Great Whale hydroelectric project by his Regional Director General in the Department of Fisheries and Oceans, Mr. Paul Sutherland.

It is not unusual for applications for travel by scientists to be refused. There are many more requests than available funds and choices are made on the most responsible use of departmental budgets and scientists time. In the instance quoted, the personal appearance of Dr. Rudd at the hearings was not felt to be warranted.

Dr. Rudd and other researchers have conducted studies on the release of methane and carbon dioxide from flooded peatlands and have hypothesized that increased amounts of greenhouse gases from flooding due to hydroelectric projects may require serious consideration. The hypothesis and results from previous research into this question, including papers by Dr. Rudd, have been published and are freely available in the scientific literature.

Any number of scientists, including several from New York State universities, could have speculated on the importance of the hypothesis at the New York City hearings. However, for the present, rigorous scientific proof is missing and until it is obtained, the hypothesis

remains an hypothesis. To remedy the situation, a 5-year research program into this question has recently been started at the Experimental Lakes Area of the Department of Fisheries and Oceans. The project involves 15 researchers from Canada and the United States. Results will be disseminated as they become available.

● (1510)

CROWN CORPORATIONS DISSOLUTION OR TRANSFER AUTHORIZATION BILL

THIRD READING—DEBATE ADJOURNED

Hon. John T. Eyton moved the third reading of Bill C-8.

He said: Honourable senators, I previously spoke to this bill at second reading, and there is no need to say more now, except to refer to my conclusion at that time. With this bill, the government is getting out of inappropriate roles and allocating tasks where they can best be performed without additional overheads. We are recognizing that, when a job is completed, the agency that did the job should be phased out. These are actions that can and should be supported. The savings from these initiatives are modest, but the initiatives are, nonetheless, a clear indication of a process of critical self-evaluation that should be welcomed.

The Standing Senate Committee on Banking, Trade and Commerce examined the bill and reported it without amendment, but made a special note, and I would like to share that note with you. The note reads:

> The Committee recommends that Bill C-8 be passed without amendment, but wishes to add a special note in reference to Canada Harbour Place Corporation in Vancouver and the Harbourfront Corporation in Toronto. These corporations have provided an important federal presence in Vancouver and Toronto respectively, contributing significantly to national unity through their programs and activities. It is the desire of Committee members that the organization created to succeed these corporations ensure that the momentum achieved continues, and that national unity remains a significant focus.

With regard to these special notes, and touching on Canada Harbour Place Corporation, the government has indicated that Canada Harbour Place Corporation is to remain a federal entity so that its good work can continue.

Touching on Harbourfront Corporation, the government wants to remove itself from the development business while fulfilling a commitment to the people of Toronto to create parks on the waterfront. In order to do this, the government proposes to dissolve Harbourfront Corporation and use the proceeds from the sale of Harbourfront real estate to create a trust fund that will provide income to a local independent programming entity. This entity will continue to provide the programming activities in parks along the waterfront which are open to all Canadians and which, of course, are enormously popular. I think they attract something like 3.5 million visitors a year.

This decision by the government is consistent with the recommendations of the Royal Commission on the Future Toronto Waterfront, and it is supported by the Province of Ontario.

Hon. Gildas L. Molgat: Will the honourable senator permit a question?

Senator Eyton: I will give it a try.

Senator Molgat: I do not understand clearly the statement he has made, but with regard to Canada Harbour Place in Vancouver, he said that this is to remain a federal entity. Can he explain what it is that the government intends?

Senator Eyton: I am not sure that that is precisely defined at this moment. The Minister of Transport is the responsible minister. It is a surviving company, created in 1982, and it related to the Expo that was conducted in Vancouver in 1986. Its operations today are modest. The conclusion was reached that the parent Crown corporation is not needed to operate the facility, and the government therefore proposes that the program be absorbed by another federal entity. That could very well be the Department of Transport.

On motion of Senator Molgat, debate adjourned to the next sitting of the Senate.

THE RAILWAY ACT

BILL TO AMEND—THIRD READING

Hon. William M. Kelly moved the third reading of Bill C-11, to amend the Railway Act (grains and flour subsidies).

Hon. H. A. Olson: I do not know whether Senator Kelly intends to reply to some of the questions that were raised from time to time, but I think there are some senators who would be interested.

Quite frankly, I do not have my notes in front of me, but it does seem to me that there were some vital interests respecting those industries which were, at least to some extent, the recipients of the benefits paid under this bill, normally referred to as the At and East subsidy. What will happen to them? Are we just to let them die, in the same way as several processing industries in the Maritime provinces which will now have no access to this program? I would hope that there would be some answers. If Senator Kelly does not intend to say anything more about it, that must be the end of it. However, I think there were a number of questions raised. Normally on third reading, the sponsor of the bill will reply—I would not say it is an answer all of the time, but at least he replies to the queries that are raised.

Senator Kelly: Honourable senators, I am certain that Senator Olson has made it his business to examine the minutes of the Standing Senate Committee on Transportation, where questions were raised with officials and the best answers available were put forward at that time.

I believe I did say in my remarks at second reading that, in my view—and I note that it was reflected also in the comments on the report of the Standing Senate Committee on

Transportation—it is incumbent on government to provide some transitional planning, some process of transition that makes the removal of that subsidy somewhat more palatable.

I have to confess that I share some dissatisfaction, as did the committee, with the extent to which these discussions have gone on without reaching the kind of finality which I would have preferred. I would refresh Senator Olson's memory, if I may, by reading the comments which were appended to the report which recommended the passage of the bill without amendment.

I quote from that report:

> "We are of the opinion that when a sector industrial structure evolves in response to an artificial regulatory framework—as the Halifax and St. John operations did in response to the At and East subsidy—it is incumbent upon the government to provide adequate transitional assistance when that government changes the regulatory framework.
>
> As of October 22, 1991, the Committee was not satisfied that the needed transitional assistance was evident, let alone in effect.

That was a unanimous comment by the Committee. There was no dissension.

There is no question that there will be, and there is now, some short-term hardship being visited there as a result of the removal of that subsidy. Beyond that, in response to Senator Olson's comments, I can repeat that I, too, share some impatience to see some of this transitional assistance put in place.

Senator Olson: I should point out to Senator Kelly, the sponsor of this bill, that it is not quite good enough to just come back to the Senate and say that all those replies, and therefore answers, were given in the committee. There are a great many people who are interested in what is happening to the provisions of this bill who do not get a transcript of the committee meeting. In fact, I am not even sure it is ready. It may be. I am not questioning whether it is or not, but the transcript is sometimes very late in coming from some of the committee meetings. It may be ready, as I said, and I do not want to question that. I simply want him to realize that when it gets to third reading in this place, the people who are vitally interested in what is happening have a right to at least a brief explanation of what took place with regard to the questions which were raised here and in the committee so that they can have some guidance.

● (1520)

Perhaps the senator can tell us what the government's response was to the observations that were made by the committee when it referred the bill back to this place for third reading. The indication was that the members of the committee were not happy with what the government is doing with this bill, but they went on to say that we should pass it without amendment. Surely, between that time and today there could have been some response from the government to the committee's observation and recommendation that something tangible be done. Did the government respond to that recommendation in a way that can be useful to the people who will be severely affected by the passage of this bill?

Senator Kelly: Honourable senators, I think it is fairly well known that I have great enthusiasm and affection for Senator Olson but, as usual, in my opinion, he is mischievously attempting to embarrass me on this issue.

Senator Olson: Never.

Senator Kelly: First, I have spent nine years in this chamber and I am still learning how the system is supposed to work. There is no question that a number of senators in this place were deeply concerned about the removal of the At and East subsidy. I have to believe that those senators who had that concern would have made it their business to attend the committee meeting. I know a number of them did. I regret that, even though I was the sponsor, I was unable to attend and that is why I made very certain to get the transcript and read carefully what questions were raised and what answers were given. I do not believe it is my role to rehearse all of that material for the benefit of those who did not find it possible to attend the committee when the officials were brought before it.

Senator Olson: That is a new approach to passing legislation: You either go to committee or you do not know.

Senator Kelly: I want to call to the attention of the Senate that I did what Senator Frith does. I sat down quickly while Senator Olson was speaking. I want to show that I am learning that too.

The officials who were invited to come before the committee were officials who we felt could best answer the questions that were raised in this chamber at the time the bill was introduced here. They were held out to us as the best available, given the particular concerns that had been expressed in this chamber.

In answer to the question of where we stand now, I have no further knowledge that we are any further ahead than we were at the time we said we should get something better than we had. That is not much of an answer, but that is the way it is.

In answer to the question of the ongoing responsibility of the committee, it has always been my belief, and I know it is shared by most in this chamber, that where a committee of this chamber makes comments such as, "We believe it is incumbent upon the government to provide adequate transitional assistance when the government changes the regulatory framework", it is incumbent on that committee to follow up with the government and not believe its job is done simply by way of the committee saying that this is not good enough. We must have something more.

I note that the chairman of the Transport Committee is not here at this moment, but I know he shares the view that the committee will have a responsibility to continue to do whatever has to be done to press the government to carry out what we believe to be its clear responsibility.

Senator Olson: Very good. That is better.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, in case some of you might not know or might have forgotten, this bill was first introduced by this government on June 16, 1989, as Bill C-26. It was shelved and eventually died on the Order Paper when the 2nd Session of the 34th Parliament tragically ended, then resurrected during the 3rd Session as Bill C-11.

For my colleagues and myself, this bill exemplified the failure of this government and its habitual lack of consultations on anything having to do with the business of this nation, however small. If only this government consulted, if only it knew how, perhaps it would gain half a point in the polls.

The Act to amend the Railway Act (grain and flour subsidies) was a personal initiative of the former Minister of Finance, Mr. Wilson, the father of the GST and author of a host of regressive fiscal measures, he who claimed he could tame our national debt which,incidentally, grew consistently bigger under his yoke. Mr. Wilson is now going around the country to try and restore the confidence of his favourite consituency, the financial community, through million-dollar programs.

A few people still believe in it, but many more—they are legion actually—have had it with the Mulroney government. Wilson and Mulroney have brought the recession upon us, suffocated our economy, killed initiative and sown despair. This is their legacy.

This, for the government and its cohort of blind supporters, is an insignificant bill. They will tell you: "Never mind that we acted undemocratically. There were no discussions prior to making a decision. Let us turn the page. It is no use crying over spilt milk."

We would have expected an honourable senator from the Atlantic region to sponsor this bill in the Senate. But they refused to do so and made it clear to their caucus.

[*English*]

Senator Kelly, a farmer from the City of Toronto, speaking at the second reading of Bill C-11, said:

> This bill implements an undertaking made by the former Minister of Finance in his budget of April 1989.

Undertaking indeed. How perspicacious the comments of Senator Kelly. How acutely discerning of him to have so coolly emphasized what every Canadian has known all along, that Mr. Wilson is indeed the undertaker of our national economy.

In the House of Commons, 38 opposition members spoke during debate on Bill C-26 and Bill C-11. A single government member rose, on several occasions, to try and save appearances for the government, and may be his seat in Halifax. There were more than 80 strong interventions on the part of opposition members at various stages of the bill, not to mention the proceedings in committee, where witnesses were often furious against the government.

For those willing to understand, it was clear that something was rotten in the kingdom of Canada, especially in the East.

[Senator Olson.]

Here, in the Senate, those on the government side were so ashamed to be seen supporting this legislation (except for Senator MacDonald (Halifax) who, as chairman of the Committee on Transport and Communications could not objectively be happy or ashamed) that they felt compelled to put out "observations", attached to the report from the committee, that I will quote:

> We are of the opinion that when a sector's industrial structure evolves in response to an artificial regulatory framework—as the Halifax and St. John operations did in response to the At and East subsidy—it is incumbent upon the government to provide adequate transitional assistance when that government changes the regulatory framework.

We have to remember that the original text of Senator Forrestall was amended by Senator Eyton. The original said: "adequate adjustments" or something like that. The report then says:

> As of October 22, 1991, the Committee was not satisfied that the needed transitional assistance . . .

Another word added by Senator Eyton "transitional"

> . . . was evident, let alone in effect.

I was just quoting from the third report from the Standing Committee on Transport and Communications, dated Wednesday, October 23, 1991.

After the testimony it received, the committee was probably, in fact was definitely right to make this comment, considering that the subsidies had ceased to exist as of July 15, 1989! The situation had indeed become embarrassing.

It is really too bad the committee failed to mention the methods used by the Minister of Finance at the time to terminate the subsidy: Elimination without prior consultation. Even worse: the government refused to consider serious proposals for adjusting the program to the current situation, which were submitted to the government in 1985 by the Atlantic Provinces Transportation Commission. I will get back to that in a minute, because what is particularly striking is the government's cavalier and arrogant attitude and its assumption that the situation cannot be turned around. Granted, the government has an impressive majority, but is that any excuse for throwing common sense overboard? What is left of the concept of partnership between government and business?

It is useless to retrace the history of the subsidy or to mention the millions of dollars injected for so many years in various economic sectors. And why point to all the jobs that were lost as a result of the Tory government's hatchet job? Why bother to repeat that this government has further weakened railway transportation in this country? These comments and many others can be found in the Debates of the House of Commons. The government's attitude is that all this is now history. We now have to dispose of the rotting remains.

Senator Forrestall wrote the comment that appeared in the committee's report. When he sat in the House of Commons, he was a vociferous defender of the transportation subsidies he

felt were essential to the economy of the Atlantic region and his beloved Port of Halifax—Dartmouth.

However, there is not a word in these comments on the purpose of the subsidy or its elimination. We can assume that the only Tory senator from the Atlantic region who participated in the debate swallowed in one gulp the reasons given by Mr. Wilson and his bureaucrats. I am astonished. This reminds me of sea cucumbers which swallow themselves when they are upset.

The situation is this: We have a text that gently chides the naughty government and turns a blind eye to its arrogance and mistakes. Just a simple comment. No shouts, no prayers. Just a comment.

What I found particulary surprising in the committee's analysis was the interpretation given by Senator Eyton. He was here a moment ago but he just left.

He started by stating that it was a good bill, and I quote:

• (1530)

[*English*]

> . . . is headed in the right direction. In fact, the subsidy did encourage the companies and the individuals to do things that they wouldn't otherwise do and that really did not make any economic or rational sense.

Senator Eyton would perhaps want to explain to Senator Phillips from Prince Edward Island, his whip, or to Senator Buchanan, a former Nova Scotia premier, his dogma on federal subsidies. I am sure they would want to respond.

[*Translation*]

So be advised, corporations, companies, and businessmen of the Atlantic region that in the first place you have no right to share in the coutnry's economy unless you are pure, that is, provided you were not tainted by any government subsidy. The only ones who will be favoured will be those to which nature, geography, climate, fortune and politics have given everything they could wish for, that is, everything that moves along the Canadian-American border between the city of Quebec and the Toronto satellites.

Secondly, Senator Eyton told only half the truth, the reality which followed the 1989 budget, and he kept silent about the other half, the reality which has preceeded by a few years the unilateral presentation of the budget. It might be ignorance on his part. I grant him that. However, he told the committee:

[*English*

> . . . The notice was there, the parties were involved.

[*Translation*]

That is on page E-6.

He is right to talk about a process that followed the budget, although the dice were loaded in advance anyway: there are no more subsidies; the program has been done for since July 15, 1989! So is it a consultation or a post mortem? However, he is quite mistaken to talk about apre-budget process. The facts indicate otherwise.

In its brief of September 1989, the Transport Commission of the Atlantic Provinces said:

> In 1985—
>
> About four years before the Wilson Budget of Spring 1989,
>
> —in response to an invitation from the Department of Transportation—

—of the federal government—

> the TCAP developed and presented specific proposals to make the subsidy program more efficient, while meeting three regional economic objectives, namely to maintain the operational viability of the grain elevators in Halifax and Saint John, to maintain the commercial viability of the Halifax flour mill and to maintain the steady movement by rail of grain and flour for export through the ports of Halifax and Saint John.
>
> Changes proposed by the TCAP would have enabled—

Note this, honourable senators!

> —the federal government to save—

starting in 1985

> —about $22 million in transport subsidies per year, approximately half the total cost of the subsidy program at that time.

I refer you to pages 5 and 6 of the brief from the Transport Commission of the Atlantic Provinces. Does that sound like blind determined attachment to the federal government's subsidy program? Answer, you who accuse us.

What did the Mulroney-Wilson government do for four years in response to TCAP's proposal? Nothing! Zero! The brief that I just quoted adds this stinging comment:

> The federal government never followed up TCAP's proposals!

That is on page 6 of the brief.

The executioner thought it better to cut it off. Decapitation first, negotiation later. My, that Mr. Wilson was funny!

• (1540)

[*English*]

Mr. Ramsay M. S. Armitage, currently General Manager of the Atlantic Provinces Transportation Commission, the most respected and competent institution of its kind in all of Canada, I do not hesitate to say, said on May 17, 1990 before the Commons Legislative Committee on Bill C-26, as reported on page 22:

> No, we were not consulted . . . we had every right to be consulted . . .
>
> We suggested some changes. I would have to say to you, no, we were not consulted. We were not advised of the budget decision [beforehand] and we did not have an opportunity to contribute in any way to addressing the situation at that time.

So there you have it; the government's big lie exposed.

[*Translation*]

Here is what Mr. John Doering, Vice-President of Dover Mills Limited, from Halifax, said to the legislative committee on Bill C-26 on Thursday, May 17, 1990, one year after it was

announced unilaterally that the federal subsidy would disappear. Please refer to page 23, Issue No. 2.

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform you that according to Rule 38(4), you only have one minute left.

Senator Corbin: How nice of you! Parliament is really the place for democracy!

[*English*]

I quote from Mr. Doering's testimony.

> . . . first of all, were we consulted? No, the industry was not consulted. We, on our part as part of the Canadian National Millers Association, have made a number of presentations and briefs sent to all kinds of people in government relative to this issue. We have accepted that there could be some changes in "At and East" and would recommend changes and a number of offsets. This goes back again many years. The last groups . . .

"Of representations", I suppose is what he means.

> . . . was in April 1985. We did not receive replies to those presentations.

Honourable senators, that was four years before the budget measures. That is damning evidence that blows to pieces the government affirmations of consultation.

[*Translation*]

Above all, I marveled at how different regions in Canada helped one another, through the central government, as Senator Eyton had seen it:

[*English*]

I quote him:

> It's the transitional help we are looking for. And when I say "transitional" I mean something that will come to an end, because otherwise it doesn't make economic sense.

[*Translation*]

Those are the warm feelings of the honourable Senator towards the Atlantic region. With nice people like him, who can speak for a united, rational and efficient Canada? Thus, the Mulroney-Wilson philosophy carries on in the Senate.

Let me tell you that this "transitional help", and I quote Senator Eyton:

> . . . we have it since the beginning of Confederation.

It is up to you to decide if you would rather have the assistance or the region. If you choose the region, please tell us how we can survive economically in this country, apart from moving outright to Ontario. If you have no answer, please don't get carried away on the rightist conservative philosophy.

The Senator was most candid when he said:

[*English*]

> I have a personal association with a flour company . . .
>
> The flour mill industry in Eastern Canada . . .

[*Translation*]

What did he mean by "Eastern Canada"?

[Senator Corbin.]

[*English*]

> is making dramatic changes—

The Hon. the Speaker *pro tempore:* Honourable senators, the honourable senator's time is up. Is leave granted for him to continue?

Hon. Senators: Agreed.

Senator Corbin: Thank you, honourable senators. I continue quoting Senator Eyton:

> The flour mill industry in Eastern Canada . . . is making dramatic changes today in response to all sorts of changes that are happening in the world market, such as the anticipated impacts of the Canada-U.S. Free Trade Agreement.

Well, who created that? The current government of course. Then he says:

> On the other hand, I understand that it is necessary to deal with people fairly . . .

I could not believe my eyes when I read this. Senator Eyton says:

> On the other hand, I understand that it is necessary to deal with people fairly and to make sure that they have lots of notice and to try to assist them in accommodating that change.

[*Translation*]

You may be redeemed by these last words, Senator Eyton, if this is your way of admitting that, in the case of bill C-26 and bill C-11, the Government has not really carried out any consultation or given any notice; that he has ignored constructive and realistic proposals from the transport commission of the Atlantic provinces and from companies which were directly affected by these policies. The Government has moved unilaterally, causing anxiety and most of all, creating instability, which is contrary to any healthy management of the economy that you like so much to advocate.

What will the Government do with the committee recommendation? Well, what it likes, it will probably ignore it. It is the cavalier way with which it treats all recommendations, suggestions and ideas which come from the Senate.

So, I would tell my honourable colleagues opposite: do not waste your time with the proposals before the Senate. If you want some action, put forward your arguments in your caucus in presence of the Prime Minister, because it is getting late. Thank you.

[*English*]

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Kelly, seconded by the Honourable Senator Castonguay, that this bill be read a third time. Is is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): No.

The Hon. the Speaker *pro tempore:* On division?

Senator Molgat: On division.

Senator Corbin: On a point of order, is Senator Kelly not going to—he is not listening. Senator Kelly, may I have your attention, please? Since you will probably be moving up to more important responsibilities soon, you should pay attention. If I may suggest—

Senator Doyle: Order.

Senator Corbin: You do not like that kind of a talk; you like to have it your way. Shake your heads all you want; some day your heads will drop off your shoulders. Be careful.

Senator Kelly, what do you intend to do with the observation? Do you intend to introduce a motion that the observation be sent down to the other place, or do you intend to let it die? What is its worth?

Senator Kelly: Honourable senators, I do not know what more I can say in response to Senator Corbin's question than what I have already said. I would comment to this extent, however: Senator Corbin has suggested that the other place or the government does not listen to recommendations of Senate committees.

Senator Corbin: That has been the history up till now.

Senator Kelly: I would have to say that my personal experience—and senators who have been here for a while well know my concerns and interest over the years on the question of international terrorism and the extent of preparedness in this country to deal with crises of that sort—that the Terrorism committee reports prepared and sent—and Senator Corbin was a member of that committee—were listened to. Substantial changes were made to plans that had been described to us initially as being solid, well-thought through, and so forth. We were able to cause changes to be made. I am confident that in this instance the same thing can apply.

As I said before, and will say again, it is the intent of the Transport committee to pursue the matter. There are many senators on this side who agree with the need for transitional assistance but who do not agree with the opportunity that Senator Corbin took to lambaste the government in a very general way. However, I cannot fault him for that since he is a partisan fellow, and very active in his party.

● (1550)

That is about the best I can do in response, Senator Corbin. I think the message is there. The recommendation accompanies the report of the committee, and the follow-up is something that will take place.

Senator Corbin: Senator Kelly, if you do not accept any of the facts that I laid before the Senate today, I wish you would stand up and refute each and every one of them.

Motion agreed to and bill read third time and passed, on division.

GRASSE, FRANCE

COMMEMORATION OF LIBERATION OF SOUTHERN FRANCE—INQUIRY WITHDRAWN

On the Inquiry by the Honourable Senator Waters:

> That he will call the attention of the Senate to the commemoration on the 24th August, 1991, in Grasse, France, of the liberation of Southern France by the U.S.-Canadian First Special Service Force and gallant members of the French resistance.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, for obvious reasons, this item should be withdrawn.

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

Hon. Senators: Agreed.

Inquiry withdrawn.

ADJOURNMENT

MOTION TO SUSPEND RULES WITHDRAWN

On the motion by the Hon. John Lynch-Staunton (Deputy Leader of the Government):

> That the Senate suspend Rule 6(1) and (2) and Rule 14 for the duration of the period commencing upon the adoption of this order and concluding at not later that 2:00 o'clock p.m., Monday, October 7, 1991.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, for obvious reasons, this item should be withdrawn.

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

Senator Molgat: Agreed.

Motion withdrawn.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 531*)

SCRUTINY OF REGULATIONS

THIRD REPORT OF JOINT COMMITTEE

TUESDAY, November 19, 1991

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

THIRD REPORT
(Report No. 48)

Pursuant to Standing Order 123 of the House of Commons, the Joint Committee has resolved that sections 8, 13, 14 and 15 of the *Indian Health Regulations*, C.R.C. 1978, c. 955, be revoked. The text of these Regulations, including the aforementioned provisions, appears as Appendix A to the Report. Your Committee's reasons in support of disallowance are set out in Appendix B.

The Joint Committee has further resolved that a copy of this Report be tabled in the Senate for the information of that House.

A copy of the relevant Minutes of Proceedings and Evidence (*Issue No. 5*, Third Session, Thirty-fourth Parliament) is tabled.

Respectfully submitted,

NORMAND GRIMARD
Joint Chairman

APPENDIX A

CHAPTER 955

INDIAN ACT

Indian Health Regulations

REGULATIONS RESPECTING THE PROVISION OF MEDICAL TREATMENT AND HEALTH SERVICES FOR INDIANS

Short Title

1. These Regulations may be cited as the *Indian Health Regulations*.

Interpretation

2. In these Regulations,

"Department" means the Department of Indian Affairs and Northern Development; (*ministère*)

"health officer" means the Provincial Medical Officer of Health of any municipality or Health District or area in which any person subject to these Regulations is resident, and includes the provincial health authority charged with the administration of the provincial health regulations and empowered to ensure the enforcement thereof; (*hygiéniste*)

"Indian Health Services" means the Indian Health Services Directorate of the Department of National Health and Welfare; (*Services de santé des Indiens*)

"infectious disease" means any contagious or communicable disease and includes every doubtful case of communicable disease; (*maladie infectieuse*)

"medical officer" means a graduate of a school of medicine or surgery of recognized standing who

(*a*) is appointed by Indian Health Services either for full-time or part-time service, or

(*b*) is designated by the Minister of National Health and Welfare

to render medical service and assistance to Indians in the area where such Indians reside; (*médecin-fonctionnaire*)

"medical practitioner" means a medical doctor who is licensed to practise medicine in a province and includes, in the Northwest Territories, a dentist licensed to practise dentistry in the Northwest Territories; (*praticien*)

"place of detention" means hospital, sanatorium, clinic, lock-up, gaol, reformatory, or other place designated by the superintendent for the purposes of section 8; (*lieu de détention*)

"reserve" means a tract of land that has been set apart for the use and benefit of a band. (*réserve*)

PART I

HEALTH OF INDIANS

Application

3. This Part applies to

(*a*) every Indian who ordinarily resides on a reserve;

(*b*) every Indian who follows the Indian mode of life whether or not he ordinarily resides on a reserve; and

(*c*) every person other than an Indian who resides on a reserve.

4. Every Indian who is subject to this Part shall comply with all laws and regulations in force within a province relating to health or sanitation, except such laws or regulations as are inconsistent with this Part.

5. (1) A superintendent shall enforce this Part among the Indians over whom he has superintendence, and as to matters concerning health and sanitation he shall take the advice of a medical officer.

(2) A superintendent may designate any medical practitioner or medical officer to act as a health officer.

Infectious Diseases

6. When a person who is subject to this Part is, or suspects himself to be, infected with an infectious disease, he shall place himself under the care of and undergo the treatment and follow the course of action prescribed therefor by a medical officer or a medical practitioner.

7. When a superintendent believes, or has reason to believe, that a person who is subject to this Part is infected with an infectious disease, he shall, with the approval of a medical officer and by serving to such a person a notice in Form 1 of the schedule, order the person to undergo a medical examination before a medical officer or a medical practitioner and to follow the appropriate treatment and course of action prescribed by the examining medical officer or medical practitioner, but such order shall not be given when the person is undergoing a treatment and following the course of action prescribed under section 6.

8. (1) Where a person who is subject to these Regulations neglects or refuses to comply with an order given in Form 1 of the schedule, the superintendent may issue an order in Form 2 of the schedule for the compulsory examination and treatment of such person at a place of detention to be designated by the superintendent upon the advice of a medical officer.

(2) The order in Form 2 of the schedule shall bear the approval of a medical officer and may be delivered to any peace officer or constable who shall convey the person named in the order to the place of detention therein described and the person in charge of such place of detention shall receive and detain, by whatever means available, the person named in the order until duly authorized to release him in accordance with subsection (4), but the person detained has the right in the meantime to be visited by his own medical practitioner.

(3) A person detained as provided in subsection (2) shall remain at the place of detention until his release has been authorized pursuant to subsection (4).

(4) Upon the receipt of a certificate signed by a medical officer or a medical practitioner that the person detained is not infected with an infectious disease, the superintendent shall order his immediate release.

(5) Where a person who is detained as provided in subsection (2) escapes, the person in charge of the place of detention shall

(*a*) report the escape to the superintendent;

(*b*) order the apprehension and return of the person detained by delivering an order in Form 3 of the schedule to any peace officer or constable, and such peace officer or constable shall execute the order.

(6) A person who is detained pursuant to subsection (2), and who thinks himself aggrieved thereby, may by way of a petition outlining his reasons and served upon the superintendent, appeal from the detention order to a police magistrate or to two justices of the peace, and the magistrate or justices, after hearing the evidence, may order his release if satisfied that he is not suffering from an infectious disease.

9. (1) A person who is subject to this Part and who knows or suspects that another person who is subject to this Part has an infectious disease, or has died of an infectious disease, or has escaped from a place of detention, shall give immediate notice of that fact to the nearest superintendent or to the nearest medical officer or medical practitioner who shall immediately notify the superintendent.

(2) The superintendent shall give notice of the existence of any infectious disease, of which he may have knowledge, as soon as practicable to the health officer, with a copy of his notification to the Department and to the medical officer, who shall notify Indian Health Services.

10. (1) The superintendent shall report all cases of infectious disease of which he may have knowledge to the Assistant Deputy Minister, Indian and Eskimo Affairs, of the Department, on such form as may be prescribed by the Director of Indian Health Services.

(2) A medical practitioner shall report all cases of infectious disease of which he may have knowledge to the Director of Indian Health Services in such form as may be prescribed from time to time by the Assistant Deputy Minister referred to in subsection (1).

11. The superintendent shall, with the assistance of the medical officer, proceed without delay and without further instructions, in each case of infectious disease on a reserve, to enforce isolation, quarantine, placarding or such other measures as may be prescribed by the public health regulations of the province concerned, for the control of infectious disease in such cases.

12. Where an infectious disease on a reserve occurs in premises where the occupants are resident and where complete isolation cannot be obtained in one or more rooms, the whole premises shall be quarantined.

13. (1) Where a medical officer certifies that effective isolation of any case of infectious disease, or quarantine of contacts, on a reserve cannot be secured in the premises in which the person suffering from the disease resides, the superintendent may cause the removal of such person to a hospital or place of isolation.

(2) For the purposes of subsection (1), the superintendent may issue an order in Form 2 of the schedule and such order has the same force and effect and is subject to the same conditions as the detention order issued under section 8.

14. A superintendent or medical officer may enter, in the daytime, any dwelling or other premises situated on the reserve under his charge, to inquire as to the state of health of any person therein or to examine the hygienic condition of the dwelling or other premises.

15. Where a medical officer certifies that a building situated on a reserve is unfit for human habitation, the superintendent may, with the approval of the regional supervisor, or, in British Columbia, of the commissioner, order the alteration or destruction of such building.

16. (1) Except when required in the performance of his duties, a person engaged in the administration of these Regulations shall not communicate any matter respecting venereal diseases that come to his knowledge in the course of his duties.

(2) Prosecution under these Regulations with respect to venereal disease shall be conducted in camera and no report of any such proceedings shall be published.

17. (1) Every person shall obey any lawful order given by the superintendent pursuant to these Regulations.

(2) No person shall obstruct the superintendent in the performance of his duty in carrying out these Regulations.

(3) No person shall aid or assist any person who is detained under section 8 to escape, or harbour or hide the person.

Penalties

18. Every person who violates any provision in this Part is liable on summary conviction to a fine not exceeding $100 or to imprisonment for a term not exceeding three months or to both.

PART II

OTHER INDIANS

Application

19. This Part applies to all Indians to which Part I does not apply.

20. Indians to which this Part applies shall comply with all laws and regulations in force within a province relating to health or sanitation.

Penalties

21. Every Indian who violates any provision in this Part is liable on summary conviction to a fine not exceeding $100 or to imprisonment for a term not exceeding three months or to both.

SCHEDULE

(*ss. 7, 8 and 13*)

FORM 1

THE INDIAN ACT

Canada
Province .....
County .....

} Order for medical examination and treatment under the *Indian Health Regulations*.

To .....of .....

WHEREAS the undersigned has reason to believe that you are a person subject to Part I of the *Indian Health Regulations* and that you may be infected with an infectious disease liable to endanger public health.

NOW, THEREFORE, pursuant to the authority vested in me by section 7 of the *Indian Health Regulations* made under the *Indian Act*, I, the undersigned, hereby command you that on the.....day of.....19....., you present yourself to Dr .....at.....(address) .....and there submit yourself to an examination by him to determine whether or not you are infected with an infectious disease; and in the event you are found to be so infected, I hereby command you to undergo the treatment and follow the course of action to be prescribed by the said doctor.

Dated at .....this.....day of.....19 .....

Approved:

.....
Superintendent

.....
Medical Officer
Indian Health Services

.....
Agency

Note: Failure to comply with this order is punishable with a fine not exceeding $100 or to imprisonment of three months or to both fine and imprisonment.

FORM 2

THE INDIAN ACT

Canada
Province .....
County .....
} Apprehension and Detention Order under the *Indian Health Regulations*.

To: Constable.....of .....
a peace officer in and for the district of .....
.....(or as the case may be)

To: Mr.....of.....
Superintendent, Manager, Director or person in charge of.....

WHEREAS the undersigned has reason to believe that .....
of.....is a person subject to Part I of the *Indian Health Regulations* and is infected with an infectious disease liable to endanger public health.

WHEREAS the said .....refuses or neglects to submit to medical examination or treatment; and

WHEREAS the undersigned is credibly informed that the said .....
may be moved without endangering his life.

NOW, THEREFORE, pursuant to the authority vested in me by section 8 of the *Indian Health Regulations* made under the *Indian Act*, I, the undersigned, with the approval of the Medical Officer, do hereby order you the said peace officer to apprehend the said..... and to convey him safely to the.....at.....

AND I do order and direct you the said Superintendent, Manager, Director or person in charge of the.....to receive the said..... into your custody and to detain him for treatment until my further order.

Dated at .....this.....day of.....19.....

Approved:

.....
Superintendent

.....
Medical Officer
Indian Health Services

.....
Agency

FORM 3

THE INDIAN ACT

Canada
Province .....
County .....
} Apprehension Order under the *Indian Health Regulations*.

To: Constable.....of .....
a peace officer in and for the district of .....

WHEREAS .....of.....has been committed to.....a place of detention under my charge, pursuant to an order dated .....
and signed by.....Superintendent of .....
.....Indian Agency, under the authority of section 8 of the *Indian Health Regulations* made under the *Indian Act*.

WHEREAS the said.....did escape on .....
from the said place of detention; and

WHEREAS the said.....is a person subject to Part I of the *Indian Health Regulations* and is infected with an infectious disease liable to endanger public health.

NOW, THEREFORE, pursuant to the authority vested in me by the said section 8, of the *Indian Health Regulations*, I do hereby order you the said peace officer to apprehend the said .....and to return him to my custody at the .....the said place of detention under my charge.

Dated at .....this.....day of.....19 .....

.....
(To be signed by the person in charge of the place of detention).

QUEEN'S PRINTER FOR CANADA
OTTAWA, 1978

APPENDIX B

The *Indian Health Regulations* were enacted pursuant to the authority conferred on the Governor in Council by section 73 of the *Indian Act*, R.S.C. 1985, c.I-5. In accordance with section 19(3) of the *Statute Revision Act*, R.S.C. 1985, c.S-20, the Regulations were reviewed by the Joint Committee on January 20, 1983.

The provisions subject to disallowance are found in Part I of the Regulations which applies to: (a) every Indian who ordinarily resides on a reserve, (b) every Indian who follows the Indian mode of life whether or not he ordinarily resides on a reserve, and (c) every person other than an Indian who resides on a reserve.

In the judgement of the Joint Committee, sections 8 and 13 of the Regulations are inconsistent with the "right to life, liberty and security of the person" which is constitutionally protected by section 7 of the *Canadian Charter of Rights and Freedoms*, and section 14 infringes the "right to be secure against unreasonable search" that is guaranteed in section 8 of the Charter. The Committee also considers that section 15 of the Regulations is inconsistent with "the right to enjoyment of property" that is recognized in paragraph 1(a) of the *Canadian Bill of Rights*. Finally, the Committee is of the view that all of these provisions contravene the Committee's scrutiny criterion No. 9 as they "trespass unduly on rights and liberties" as well as its scrutiny criterion No. 10 as they "make the rights and liberties of the person unduly dependent on administrative discretion" and "are not consistent with the rules of natural justice".

The Joint Committee also finds that the Regulations are not authorized by the *Indian Act* to the extent they purport to authorize the compulsory hospitalization and treatment of persons other than Indians.

When a person infected or suspected of being infected with an infectious disease neglects or refuses to comply with an order issued by a superintendent to undergo a medical examination and to follow a prescribed medical treatment, section 8 gives the same departmental official a discretion to issue an order "for the compulsory examination and treatment of such person at a place of detention to be designated by the superintendent upon the advice of a medical officer". Section 8 further authorizes any peace officer or constable to arrest and convey the person named in the order to the designated place of detention and the person in charge of that place is authorized to detain the person "by whatever means available". Additional provisions authorize the "apprehension and return" of a detained person who escapes from the place of detention. The only protection which the Regulations afford a detained person is the right to appeal the detention order "to a police magistrate or to two justices of the peace" who may order the release of the person if satisfied the person is not suffering from an infectious disease. Having regard to the seriousness of the interference with the liberty and physical integrity of the person which results from a detention order, the conferral of a right of appeal exercisable only *after* a person has been deprived on his or her liberty is entirely inadequate.

In assessing these provisions, your Committee was struck by the fact that the

arrest, detention "by whatever means available", and subsequent forcible medical treatment of an individual may result from a discretionary decision by a departmental official, a decision which may be made in any case in which the person "neglects or refuses" to comply with an order issued under section 7. Your Committee also took into consideration the broad scope of the Regulations, which flows from the regulatory definition of "infectious disease" as meaning "any contagious or communicable disease and includes every doubtful case of communicable disease". Your Committee firmly believes that a law that grants a government official a discretionary power to deprive a citizen of his liberty and of his right to the security of his person on the ground the individual suffers or appears to suffer from a communicable disease, without requiring that consideration be given to the type or severity of the disease and to the danger it presents to public health, is entirely inconsistent with the "principles of fundamental justice" and that such a law cannot be characterized as imposing "reasonable limits" that are "demonstrably justified in a free and democratic society". In short, because of the lack of objective criteria or standards to govern the making of the decision to issue a detention order, the Regulations "strike the wrong balance between the liberty of the individual and the interests of the community". (Per Philp J.A. in *Thwaites* v. *Health Sciences Centre Psychiatric Facility*, (1988) 48 D.L.R. (4th) 338, at 351 (Man.C.A.)).

That it is unlikely section 8 would be invoked except in the most exigent circumstances does not change this conclusion. Your Committee reviews regulations as it finds them and will not read into a regulation limitations or conditions which do not appear on its face.

In a case such as this, your Committee also would not accept as satisfactory any assurance that might be offered that section 8, along with the other provisions subject to disallowance, will not be invoked by departmental officials. The fundamental rights and freedoms of Canadians cannot be made to depend on the goodwill or sense of propriety of governmental officials. Only the revocation of these provisions can afford a proper and full guarantee that the powers they contain will not be resorted to.

These considerations also apply to section 13 of the Regulations, which provides for the issue of a similar order in cases where a medical officer certifies that the effective isolation of a case of infectious disease or quarantine of contacts cannot be secured in premises on a reserve.

Section 14 of the Regulations authorizes a superintendent or medical officer to enter in the daytime "any dwelling or other premises situated on the reserve" to inquire as to the state of health of any person therein or to examine the hygienic condition of the dwelling or other premises. Except for the fact its operation is confined to daytime hours, this section confers on officers of the government a complete and unfettered discretion to enter a person's private residence at will. In the Committee's opinion, a provision which gives government officials authority to enter a person's home at any time of the day for whatever reasons seem sufficient to those officials and without the need to obtain a warrant, without the obligation to give prior notice to the occupants of the premises or

without having to identify themselves before entering, is so arbitrary and oppressive that it cannot be justified under section 1 of the Charter.

Finally, section 15 of the Regulations would permit the alteration or destruction of any building which a medical officer certifies to be unfit for human habitation. Your Committee considers that such a provision unduly trespasses on rights and liberties and ignores the right to enjoyment of property recognized in paragraph 1(a) of the *Canadian Bill of Rights*. Your Committee finds it inconceivable that officials of the government would have authority to order the destruction of a person's residence without requirement of prior notice and without the person having a right to have the decision reviewed before it is carried out. Your Committee emphasizes that the operation of this provision is not limited to situations of emergency but could be invoked at any time at the discretion of a superintendent with the approval of his superior officer.

When informed of the Joint Committee's concerns in relation to these Regulations, the Department acknowledged that the conformity of these Regulations to the Canadian *Charter of Rights and Freedoms* is doubtful and that the Regulations are *ultra vires* in part. The Department undertook to prepare amendments. That assurance was given to the Committee in November of 1983. Some seven years later, and after much prompting by this Committee including an indication in March 1990 that consideration might be given to disallowance, proposed amendments to the *Indian Health Regulations* were published in Part I of the *Canada Gazette* on December 20, 1990. In early October 1991, however, your Committee was informed that:

> In the face of [requests for further consultations from Indian bands and native organizations], this Department is proposing to put the process to amend the *Indian Health Regulations* on hold indefinitely pending a more comprehensive and long-term review of health-related matters within the Indian community.

In light of this decision, the Joint Committee considers it has no choice but to recommend the disallowance of the more offensive provisions of the Regulations.

The legitimate desire of aboriginal representatives for a comprehensive settlement of health-related issues that affect their communities cannot, in our view, serve to justify the continued existence of the provisions described earlier in the body of Canadian law. Sections 8, 13, 14 and 15 can be severed from the Regulations and the *Indian Health Regulations* will otherwise continue in force as in the past. The disallowance of these provisions does not alter the *status quo* or change the jurisdictional basis for those Regulations. The proposal for amendments which the Minister of Indian Affairs and Northern Development communicated to Indian bands and native representatives would not only have resulted in the removal of sections 8, 13, 14 and 15 from the Regulations but also provided for the enactment of new provisions in their place. It is in respect of this proposal that requests for further consultations were made by Indian bands and native organizations. The approach put forward by the Joint Committee is a simpler

one and involves only the removal of existing provisions which are contrary to the fundamental rights of native people. In this regard, the Committee notes as well that these provisions are not exclusively concerned with Indians but, by virtue of paragraph 3(c) of the Regulations, are also made applicable to persons other than Indians who reside on a reserve.

Some might say that the continued existence of these provisions is of little consequence insofar as it is unlikely they would ever be applied or resorted to by government officials. However unlikely that event, your Committee wishes to see even that remote possibility removed. The role of the Charter is not only to afford a remedy to the citizen after a breach of his rights has taken place, it is also to prevent such infringements from taking place. Elected representatives of the people have a special responsibility not only to protect the fundamental rights and freedoms of the people from encroachment by the government but to guard against the potential for their encroachment. In the end, the Joint Committee cannot escape the conclusion that provisions of the kind discussed in this Report simply have no place in Canadian law.

Finally, your Committee wishes to add that its decision to disallow sections 8, 13, 14 and 15 alone does not indicate its approval of the remaining provisions of the Regulations. Some of these provisions are clearly in need of revision and they will undoubtedly be addressed in the course of the further consultations which the Minister will engage in with Indian bands and aboriginal representatives. Because it recognizes the importance of this continuing exchange of views, the Joint Committee deliberately limited the scope of the resolution set out in this Third Report to those provisions which amount to a clear denial of the rights and dignity of native people and other residents on reserves. The revocation of legislative provisions which infringe on constitutionally protected rights and freedoms should require no consultations. In the legislative area, the purpose of consultations will be to negotiate a consensus on what the law should be and to reconcile private interests and the public interest. Clearly, this process will not apply where the contemplated action touches on fundamental rights and liberties. The rights and liberties which are guaranteed by the *Canadian Charter of Rights and Freedoms* were given constitutional status in recognition of their fundamental nature. These rights and liberties are not negotiable and are incapable of being limited by agreement between governments and the people. The regulations described in this Third Report are unconstitutional and no amount of further discussion can make them less offensive or more acceptable.

CONTENTS

Tuesday, November 19, 1991

PAGE

The Late Paul-Émile Cardinal Léger
Tributes. Senator Lynch-Staunton ... 528
Senator Lavoie-Roux ... 528
Senator De Bané ... 529

The Late Dr. Robert Baird McClure
Tributes. Senator Macquarrie ... 529
Senator Marsden ... 529
Senator Lang ... 530

Hoods on the Hill
Forthcoming Publication of Political Commentary by The Honourable Royce Frith. Senator Lang ... 530

Point of Order
Senator Haidasz ... 530
Senator Lynch-Staunton ... 530

Clerk's Accounts
Statement Tabled ... 531

Energy, Environment and Natural Resources
First Report of Committee Tabled. Senator Hays ... 531

Scrutiny of Regulations
Third Report of Joint Committee Presented. Senator Ottenheimer ... 531

Clerk's Accounts
Referred to Committee ... 531

Criminal Code
Customs Tariff
Bill to Amend—First Reading ... 531

Agriculture and Forestry
Notice of Motion to Authorize Committee to Engage Services. Senator Barootes ... 531

Veterans Affairs
Proposed Introduction of "Canadian Cross" as Highest Distinction—Notice of Inquiry. Senator Marshall ... 531

Metropolitan General Insurance Company
Presentation of Petition. Senator Sylvain ... 531

QUESTION PERIOD

Agriculture
Status of GATT Negotiations—Resolution of Grain Exports Subsidy War—Federal Support for Grains Sector—Request for Updates. Senator Olson ... 532
Senator Murray ... 532

Agriculture
Prince Edward Island—Effect of Virus Investigation on Seed Potato Industry—Government Response. Senator Bonnell ... 533
Senator Murray ... 533

PAGE

Prince Edward Island
Fixed Link—Location of Construction Headquarters—Government Position. Senator Bonnell ... 533
Senator Murray ... 534

Western Sahara
Implementation of Proposed Peace Plan—Canadian Participation—Request for Update. Senator Marsden ... 534
Senator Murray ... 534

Honourable Lorna Marsden
Felicitations on Appointment as Chancellor of Wilfrid Laurier University. Senator Murray ... 534
Senator Stewart ... 534

Western Sahara
Implementation of Proposed Peace Plan—Presence of Canadian Troops. Senator Molgat ... 534
Senator Murray ... 534
Senator Marsden ... 534

Canada-France Fisheries and Boundaries Agreement
St. Pierre and Miquelon—Status of Arbitration on Territorial Seas. Senator Stewart ... 534
Senator Murray ... 534

Tarnsport
Shipment of Canadian Grain through U.S. Ports—Government Position. Senator Perrault ... 535
Senator Murray ... 535

Goods and Services Tax
Status of Liberal Party Policy—Rescission of Tax on Books—Government Position. Senator Simard ... 535
Senator Murray ... 535

Delayed Answers to Oral Questions
Senator Lynch-Staunton ... 535

Foreign Affairs
Sri-Lanka—Possible Impeachment of President—Human Rights Abuses—Effects of Civil War—Economic Aid and Development—Canadian Role. Question by Senator Marsden (Delayed answer) ... 535

National Finance
Bank of Canada—Objectives of Monetary Policy—Preservation of Price Stability. Question by Senator Everett (Delayed answer) ... 536

Newfoundland
Government Contributions to Marble Mountain Area—Request for Clarification of Answer. Question by Senator Marshall (Delayed answer) ... 536

Canada-United States Free Trade Agreement
U.S. Duty on Live Hogs. Question by Senator Molgat. (Delayed answer) ... 537

THE SENATE

Wednesday, November 20, 1991

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

Prayers.

SENATORS' STATEMENTS

EDUCATION

NATIONAL STAY-IN-SCHOOL INITIATIVE

Hon. Noël. A. Kinsella: Honourable senators, a critical component of our success as a nation and our full engagement in the globalized world community is education. However, honourable senators, the *conditio sine qua non* of education is having young Canadians staying in school. A serious problem exists in Canada where the high school drop-out rate is at the 30 per cent level. Yes, honourable senators, nationally 30 per cent of our students do not finish high school, and in some parts of Canada that percentage leaps to 70 per cent or more.

Those statistics are shocking, and I am sure that all members of this chamber are scandalized by them. We are well aware of the disastrous negative consequences that flow from this situation, in terms of both the personal development of the individual and the social consequences it has for our society. Indeed, earlier this year we learned from one of our own Senate committees that young people who drop out of school because of poverty—and poverty often goes hand in hand with low academic achievement—will cost the country about $33 billion in the next 20 years. However, I am equally concerned with the costs to the right of each individual to develop his or her potential and maximize one's personal abilities.

It is noteworthy, therefore, that the government has committed nearly $300 million over five years to a national Stay-In-School Initiative and has set a national goal that by the year 2000, 90 per cent of our youth will gain a high school diploma or equivalent. I would like to see us exceed that goal and achieve a zero tolerance for school drop-out. Honourable senators, we should support this national Stay-In-School Initiative. We should use every occasion to promote an understanding of this problem, and most importantly, we should be part of the national effort to solve this problem.

THE RIGHT HONOURABLE SIR WILFRID LAURIER

COMMEMORATION OF 150th BIRTHDAY

The Hon. Lorna Marsden: Honourable senators, every four or five years the Canadian people either renew the mandate of the Prime Minister or they elect a new one. Presumably they choose someone who they think will be a good Prime Minister. What are the qualities of a good Prime Minister, and whom can we consider to have had these qualities? Today we can turn our attention to a Prime Minister who met the necessary qualities, for 150 years ago today Sir Wilfrid Laurier was born. On behalf of all my colleagues and in my new position as president designate of Wilfrid Laurier, I am speaking for us all in celebrating this occasion.

Hon. Senators: Hear, hear.

Senator Marsden: As we attempt to weather current political storms, we would do well to remember why the years from 1896 to 1911, years during which Sir Wilfrid Laurier was Prime Minister of Canada, are thought of so highly. It is said of Laurier that he was fortunate in securing as cabinet colleagues men—he didn't have any choice in those days—who were not only competent but were also valued political leaders themselves. Laurier's 1896 cabinet has been called the "Cabinet of all the talents [that] remains in the Liberal legend as the ministerial masterpiece of Canadian politics."

Author O.D. Skelton explained the strength of the cabinet in the book *Life and Letters of Sir Wilfrid Laurier, II*, when he said.

> As it was, the ministry was an extraordinarily able one, none so strong before or since. In individuality, in varied ability, in administrative capacity, in constructive vision, in internal unity and integrity, it could safely challenge comparison.

The importance in having formed such a strong cabinet lay in the fact that its members would help Laurier to develop and to implement many policies crucial to the development of the country, and encourage public trust in Laurier and in the government.

By and large, he advocated two main principles in cabinet decision making: ministerial independence and cabinet solidarity.

As Skelton says:

> As Prime Minister Sir Wilfrid was not a hard task master, he did not intervene in the details of the administration of his colleagues. He believed in giving every minister wide latitude and large responsibility.

The Prime Minister was also a strong proponent of cabinet solidarity. In a speech to the House of Commons, he makes this position quite clear:

> . . . the necessity for solidarity between the members of the Cabinet is absolute, that the moment a policy has been determined upon them it becomes the duty of every member of that administration to support it and support it in its entirety.

That policy resulted in the cabinet's acting as a unified body, instilling confidence in the minds of the Canadian people. While cabinet solidarity did not always prevail, it did for the most part, thus projecting the image of a cabinet that was in fact a strong one.

Finally, it was said of Laurier that he was a genius conciliator who remained "at all times . . . undisputed leader of his cabinet and party" and who exercised effective control over his cabinet.

Once Laurier made a decision, he stood firm in it and was not easily influenced. He often said that his method was not one of rushing. He would assess a situation from all sides, considering all effects before taking any action. As a result, he would not allow "his firmness of action to be hampered by vain doubts and reconsiderings".

The second facet of a good Prime Minister involves the policies he initiates and implements. These are seen as a testament to his leadership, his ability to solve problems and, in so doing, develop his nation to the greatest of his ability.

Laurier's main concern was always to preserve unity. He perceived Canada's central problem to be the conflicts between the two founding nations, French and English Canada. He himself claimed that he had given his political life "to promote unity, harmony and amity between the diverse elements of this country."

This, however, was not always an easy task.

The Hon. the Speaker: Honourable senators, according to the rules, I must interrupt the honourable senator to ask permission for her to continue, since she has spoken for more than three minutes. Is there unanimous agreement for the senator to finish her remarks?

Hon. Senators: Agreed.

Senator Marsden: Thank you, honourable senators. I will not describe to you the difficulties of the Manitoba school question and other issues, but go to my conclusion.

Senator Murray: Don't gloss over that; I love that topic.

Senator Marsden: I overheard you, Senator Murray. I would be glad to deliver this to you privately, if you like.

Sir Wilfrid Laurier administered his office in a way that is respected and admired. He managed his government superbly and initiated policies that went a long way in developing this country.

Most policies initiated by the Laurier government were premised on the necessity to preserve unity. This was evidenced in his reaction to the Manitoba schools problem and the Boer War.

The development policies initiated for the opening of the West were aggressive and innovative. The immigration, land and transportation policies all contributed to the success of this initiative.

It must be said that Laurier also did much to gain equal status for Canada within the Empire. This conception was strengthened by the results of the Boer War and the Alaska boundary dispute. Finally, in 1907, some recognition of this principle was offered when the name of the "Colonial Conference" was changed to "Imperial Conference".

• (1410)

Bruce Hutchison claims that Laurier had achieved:

> . . . a new status for Canada in the Empire, a peopled West, a truly national economy, a 15-year period of prosperity, a reconciliation of church and state, perhaps a reconciliation of races.

None of this can be denied. In fact, given the challenges of his time and the success of his government, it is no wonder that Laurier proclaimed that the twentieth century belonged to Canada.

As some of you know, Wilfrid Laurier University was founded in 1911. Sir Wilfrid passed away in 1919.

Hon. Senators: Hear, hear!

[*Translation*]

DISTINGUISHED VISITORS IN GALLERY

PARLIAMENTARY DELEGATION FROM REPUBLIC OF SLOVENIA

The Hon. the Speaker: Honourable senators, I have the honour to draw your attention to the presence in our gallery of a delegation of parliamentarians from the Republic of Slovenia, including Dr. Ludvik Toplak, Speaker of the Chamber of Representatives of the Republic of Slovenia, and Mr. Rous, Speaker of the Parliament of the State of Styria.

OFFICIAL LANGUAGES

REQUEST FOR TABLING CLERK'S ACCOUNTS IN BOTH OFFICIAL LANGUAGES

Hon. Eymard Corbin: Honourable senators, yesterday we were told that the Clerk had laid on the Table a detailed statement of his receipts and disbursements for the fiscal year ending the 31st of March, 1991. This document contains a text that was drafted in English only and thus violates the Official Languages Act, especially since the documents that were drafted in English only came from the office of the Auditor General of Canada.

I believe we should insist that the document tabled yesterday be withdrawn and tabled again, this time in accordance with the Official Languages Act—in other words, with all texts appearing in both official languages. In its present form, it does not meet the requirements of the Official Languages Act.

Honourable senators, is something going to be done about this? Are we going to let a document that violates the Official Languages Act remain on the Table of the Senate—a document tabled by the Clerk himself? That I cannot tolerate.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Senator Corbin, we will consider your request, make enquiries and then report back to you.

Honourable senators, if we are to act on his request, we are entitled to examine this report as carefully as Senator Corbin did.

The Hon. the Speaker: Honourable senators, I am told this document will be resubmitted tomorrow, in both official languages.

OFFICIAL REPORT

Hon. Eymard Corbin: Still on the question of official languages, I have been told that the French version of Hansard will not be ready until 2.45 p.m. The English version was available to our English-speaking senators ages ago. This often happens. When will Francophones sitting in the Senate be treated with the same respect?

[*English*]

PRIVATE BILL

METROPOLITAN GENERAL INSURANCE COMPANY—BILL TO AMEND ACT OF INCORPORATION—FIRST READING

Hon. John Sylvain presented Bill S-6, to amend the Act of incorporation of Metropolitan General Insurance Company in order to authorize its continuance under the laws of the Province of Quebec.

Bill read first time.

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

Hon. John Sylvain: Honourable senators, since this is a matter of a purely technical nature, which has no political or partisan connotations, to save one of Quebec's major financial institutions a lot of unnecessary expense and a lot of unnecessary delay, I would ask leave of the Senate, in a marriage of principle and reason, for this bill to be read the second time at the next sitting of the Senate.

Hon. Gildas L. Molgat: Honourable senators, Senator Sylvain had the courtesy to speak to me in advance on this matter and I also replied to him in advance. I want to make our position very clear on the matter. As a general principle, we do not believe that leave should be granted to accelerate legislation unless it is indeed an emergency situation. If it were the end of the session, for example, I would consider that. But it seems to me that we can follow the normal procedure in this case with the normal notice. We will be sitting next week so we can proceed then with the regular procedures. I do not see that that would delay the forward movement of this bill and prevent its passage in the proper time.

Senator Sylvain: If I may reply, after this bill is introduced in this House it has to go to the other place. The bill must be finally approved in the other place before year end, and that evidently means sometime before Christmas. We do not have a lot of time left for the bill to be approved in the other place and for this company to reorganize itself before year end in order to avoid a lot of unnecessary expense from accountants, lawyers, consultants and what have you if all the work that will be done to close their books at year end has to be repeated. So I think this is a matter of urgency, if I might be permitted.

However, if agreement cannot be reached on this matter, I would ask that the bill be placed on the Orders of the Day for second reading next Tuesday.

[Senator Lynch-Staunton.]

On motion of Senator Sylvain, bill placed on the Orders of the Day for second reading on Tuesday, November 26, 1991.

CANADA-EUROPEAN PARLIAMENTARY ASSOCIATION

VISIT TO TURKEY AND USSR

Hon. H.A. Olson: Honourable senators, I have in my hands a report that was put together by the staff of the Canada-European Parliamentary Association respecting a conference that was held in Turkey and in the Soviet Union of that organization.

• (1420)

When I received the report, it was 45 pages long. It is far too long and detailed to repeat in this chamber, and I feel it would be unnecessary to do that. If you wish to reprint 45 pages, put it in Hansard and pay for the cost of translating it, fine. Again, I do not think that is necessary.

Senator Barootes and I were the only two senators in this delegation. A number of things happened in the meetings we had in Turkey and the Soviet Union that are of particular importance and becoming more important every day. I will give Senators a brief oral report.

The delegation met with certain officials of the Turkish government in Ankara. The person that I met with was the leader of what was then the official opposition party in Turkey. He is now the Prime Minister of Turkey, because they have had an election in the meantime. We had a discussion of what the Western nations, NATO, the G-7 and other organizations ought to be doing in the face of what is evolving inside the Soviet Union. I can say without reservation that this man was very knowledgeable. He had been the Prime Minister of Turkey two or three times before.

Turkey borders the southern republics of the Soviet Union. The Turkish prime minister made it abundantly clear that we needed to get together and make an offer of substantial amounts of consumer goods. If these goods were not forthcoming, he believed the whole world would be in severe jeopardy, because that part of the world, Eastern Europe and Western Asia, would firstly become economically unstable, followed by political instability that would be extremely dangerous to Turkey and the rest of the world.

From there, the delegation went to Moscow for two days. The delegation then travelled to what was then Leningrad, and is now St. Petersburg. We had a meeting with the mayor and several members of the city council of St. Petersburg. The economy in this area has simply collapsed. 80 per cent of all economic activity in the city of St. Petersburg was dependent on the defence industry. The Red Army is no longer buying so much. The mayor was extremely concerned about what alternative economic base the city could use, whether it was part of the Soviet Union or of the new Russian Republic. He was well aware of the fact that there had to be a complete restructuring of the wealth creation in that city. His plea to us was not for massive amounts of aid for his industrial base. His city needs that over time, but his plea to us was for the provision of

consumer goods such as food and clothing and other basic necessities of life so that the city can get through this winter.

Honourable senators, I will leave it there. I will be making comments later about Canada's participation in this delegation and following up on comments that the Prime Minister made at Stanford University in California, and comments made at other meetings held in London and other places. It is important that we can make a contribution at this time, given the severe economic conditions in much of the Soviet Union.

Hon. Pat Carney: Perhaps I could ask my honourable colleague a question. If we were to provide this type of aid, was there any discussion as to how it could be distributed? That is a factor that people worry about.

Senator Olson: I am well aware of that and it is an excellent question. We not only worry about it, but we have to try to do something about it. The infrastructure that needs to be in place for what we consider wholesale and retail distribution and also the processing of food is simply nonexistent. All of those things used to belong to the state, and indeed were controlled by various cells of the Communist Party. All of that is gone, so it needs to be put back in place. They realized that they did not have a full operative alternative to the structure that was collapsing.

We have to help them. We have to use whatever expertise we have, based on their conditions, because their conditions are not at all like those in North America or western Europe. I would hope that we are prepared to give—I do not know about massive or significant, or whatever word you wish to use—those things we have in abundance, such as wheat, and perhaps other consumer goods that they desperately need this winter.

The message we got—and Senator Barootes will bear me out on this—was the message I have just given you to-day, and I hope that conveying it to this chamber of Parliament will be useful.

NORTH AMERICAN FREE TRADE AGREEMENT

NOTICE OF MOTION TO AUTHORIZE FOREIGN AFFAIRS COMMITTEE TO HEAR EVIDENCE, TO EXAMINE AND REPORT, TO TRAVEL AND TO ENGAGE SERVICES

Hon. John B. Stewart: Honourable senators, I give notice that on Thursday next, November 21, 1991 I shall move:

> THAT the Standing Senate Committee on Foreign Affairs be authorized to hear evidence and to examine and report on negotiations for a North American free trade agreement among Canada, the United States and Mexico, and any other related trade developments;
>
> THAT the Committee have power to adjourn from place to place within Canada;
>
> THAT the Committee be empowered to retain the services of professional and clerical staff as deemed advisable by the Committee;
>
> THAT the papers and evidence received and taken on the aforesaid subject before the Committee during the First and Second Sessions of the Thirty-fourth Parliament be referred to the Committee; and
>
> That the Committee present its report no later than December 17, 1992.

QUESTION PERIOD

FOREIGN AFFAIRS

CANADA-CHINA RELATIONS—GOVERNMENT POLICY

Hon. Raymond J. Perrault: Honourable senators, the world has observed with great interest the fact that the Secretary of State for the United States, Mr. James Baker, has met recently with the leaders of China to discuss the normalization of relations between the People's Republic of China and the United States. This follows the lead of several European nations. News reports suggest that while progress was made in several areas, certain outstanding differences still remain between the United States and the People's Republic of China.

Can the Leader of the Government in the Senate provide assurances that similar initiatives will be undertaken in the near future by Canada to normalize relations between Canada and China? When will the Secretary of State for External Affairs travel to China for a face-to-face meeting with the Chinese leadership for discussions involving economic, scientific, educational, cultural relations, and human rights issues? Surely it is in the interests of both countries to re-establish good relations just as soon as impediments to those good relations have been resolved and removed.

• (1430)

Hon. Lowell Murray (Leader of the Government): Honourable senators, not for the first time the government is somewhat ahead of the honourable senator. The Secretary of State for External Affairs met with the Chinese foreign minister at the United Nations on September 23. The central subject of discussion was a human rights situation in China and our concern about that situation.

Since that time the Minister of Agriculture, Mr. McKnight, has had an extensive visit to China, including meetings at a very senior level with officials of the government of the People's Republic. In these and all our contacts with the Government of China we take the opportunity to reinforce the importance of our commercial ties with China and to firmly express our concerns about human rights in that country.

Senator Perrault: Honourable senators, I would point out to the Leader of the Government that none of these discussions at this time have covered the same broad range of matters discussed between Mr. Baker and officials of the People's Republic of China. There is a difference with a meeting between our Secretary of State for External Affairs in New York and a fully organized conference in China with the Chinese leadership, involving the range of issues of the kind that was followed by Mr. Baker when he was in China a short

while ago. If the Leader of the Government will check his facts, he will know that, to this point, we have not engaged in anything approaching the breadth of the agenda discussed between the Americans and the Chinese.

Senator Murray: The honourable senator must know that there is a long-established consultative mechanism which in fact resulted from a 1973 agreement between Canada and the People's Republic of China. There is what is called the Canada-China Joint Trade Committee, which meets periodically and, indeed, met earlier this month to discuss bilateral trade and economic relations, including the impediments that human rights concerns are causing to realizing the full potential of our bilateral relationship.

I repeat, respect for human rights is one of the fundamental characteristics of Canadian foreign policy, and we hope that China will take measures to alleviate our concerns on the human rights issue. We have lost no opportunities to emphasize that stance in our contacts with the People's Republic of China.

Senator Perrault: Honourable senators, as welcome as these developments are, my major question remains: When will the Secretary of State for External Affairs of this country travel to Beijing for the kind of comprehensive meetings that many Canadians are urging? Does the Leader of the Government have a date in his briefing notes?

Senator Murray: Honourable senators, there are no plans at the moment for a visit by Mrs. McDougall to the People's Republic of China. As I have said, our cabinet colleague, Mr. McKnight, has just returned from a visit there. Mrs. McDougall has met with the Chinese foreign minister at the United Nations, and earlier this month there was a meeting of the Canada-China Joint Trade Committee. When it is appropriate and when time and her many other duties permit, I am sure Mrs. McDougall will consider visiting the People's Republic of China in person. Until that time we are satisfied that the kinds of contacts I referred to a minute ago are more than adequate, given the present state of our relationship.

● (1440)

Hon. Philippe D. Gigantès: Honourable senators, would the honourable senators opposite agree to set up a formal committee to save further embarrassment to this country? Each one of us could contribute a dollar to a fund for this committee, which would advance this money to the Prime Minister every time he went abroad and found himself short of cash to pay his taxi. I am sure the Conservatives can find a talented woman among their members, and prove to the country that there are talented women who can organize a small committee. I am prepared to donate the first dollar.

PRINCE EDWARD ISLAND

FIXED LINK—EFFECT ON OPERATION OF FERRY SERVICE—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, for a change, I want to congratulate the government on the announcement by the Minister of Public Works, the Hon. Mr. MacKay, that we are about to get a new ferry from Caribou, Nova Scotia, to Wood Island, Prince Edward Island. This is the fourth time the introduction of such a service has been announced by various different Tory ministers. Since we now have the fifth announcement, we are very pleased with that. I want to congratulate the government for that fifth announcement for the same ferry.

However, in response to that announcement, will the Leader of the Government in the Senate convey to me an assurance from the Government of Canada to all Prince Edward Islanders that, if the fixed link is constructed, the ferry between Caribou, Nova Scotia, and Wood Island, Prince Edward Island, will continue to operate as it does at the present time, regardless of the fixed link?

Hon. Lowell Murray (Leader of the Government): Honourable senators, as Senator Bonnell knows better than anyone, that is a hypothetical question.

Senator Bonnell: Honourable senators, it is not a hypothetical question. If we can get the promise that, regardless of the fixed link, the ferries will continue to operate, the people of Prince Edward Island can then give their opinion as to whether or not they want the fixed link. They need to know the answer to that question before they say yes or no to the premier of Prince Edward Island. Therefore we want the Government of Canada to assure the people of Prince Edward Island that the contruction of a fixed link will have no bearing at all on continued operation of the Wood Island-Caribou ferry.

Senator Murray: We are making progress, honourable senators, because for much more than a year I have been trying to elicit from Senator Bonnell a statement of his position for or against the fixed link. Now we have it boiled down to one condition only on the basis of which he would support the fixed link. I shall certainly be happy to convey this information to my colleagues and see whether that condition can be met.

DELAYED ANSWER TO ORAL QUESTION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have one delayed answer to a question raised by Senator Simard on October 29 regarding community radio for French-speaking people outside Quebec.

COMMUNITY RADIO FOR FRENCH-SPEAKING PEOPLE OUTSIDE QUEBEC—GOVERNMENT PROGRAM

(*Response to question raised by Hon. Jean-Maurice Simard on October 29, 1991*)

Since 1987, the Department of the Secretary of State, under the auspices of the Promotion of Official Languages Program, has contributed financially toward the development of community radio stations designed to serve official-language minority communities which do not have access to locally-based radio programming in their own language.

To date, the Department of the Secretary of State has made $5 million available to assist in the development of 18 community radio projects in 7 provinces.

These community radio stations have successfully contributed to the social and cultural development of official language minority communities and have served as an important tool for communication and the bringing together of community members.

The Community Radio Program is scheduled to terminate on March 31, 1992. As the Honourable Senator has suggested, an evaluation of the program's effectiveness is underway. This study will be taken into consideration by the Secretary of State with respect to any decision regarding the future of this program. Once completed the study will be sent to the Honourable Senator.

CROWN CORPORATIONS DISSOLUTION OR TRANSFER AUTHORIZATION BILL

THIRD READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Eyton, seconded by the Honourable Senator DeWare, for the third reading of Bill C-8, An Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof.

Hon. Gildas L. Molgat: Honourable senators, I would ask that this Order be deferred until tomorrow. I was unable to get the transcripts of the committee hearings until yesterday, and I have not had the chance to go through them. I should be ready to proceed tomorrow.

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

Hon. Senators: Agreed.

Order stands.

EXCISE TAX ACT EXCISE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-10, to amend the Excise Tax Act and the Excise Act.

He said: Honourable senators, Bill C-10 will implement the increases in the excise taxes and duties on tobacco products and the taxation of inventories of these products announced by the Minister of Finance in the February 26, 1991, budget. These tax measures are a key element of the government's National Strategy to Reduce Tobacco Use. Revenues from these measures will also contribute to restoring fiscal stability and reinforce the government's Plan for Economic Recovery.

The National Strategy to Reduce Tobacco Use features a wide range of initiatives to discourage Canadians from beginning to smoke, to encourage smokers to quit and to protect Canadians from the health risks of tobacco use. Because young people are much more sensitive to increases in the price of tobacco products than adults, the taxation of tobacco products is particularly effective in discouraging young Canadians from smoking. The tax increases in this bill are therefore expected to reduce long-term addition to tobacco use and the associated health consequences for many young Canadians.

Honourable senators, the increases include raising the excise tax on cigarettes by three cents a cigarette or $6 a carton and increasing the excise levies on other tobacco products proportionately. Thus the *ad valorem* excise tax on cigars will be increased from 40 to 65 per cent, and the excise tax on manufactured tobacco, which includes fine cut tobacco for "roll-your-own" cigarettes, will be raised by $4.08 per 200 gram container. As is generally the case for sales and excise tax increases announced in a budget, the new rates, when approved by Parliament, will apply from the day after the budget announcements.

This bill also changes the manner in which the excise levies are imposed on preportioned rolls of tobacco which are inserted into paper tubes to make high-quality "roll-your-own" cigarettes—to equalize the tax treatment with traditional "roll-your-own" cigarettes. Tobacco sticks will now be taxed on a per-unit basis and the excise tax and duty set to equal those on other fine cut products at approximately two-thirds of the rate on fully manufactured cigarettes. This measure also comes into effect on February 27, 1991.

The current excise levies on tobacco products are imposed at the manufacturer's level. Thus, the higher tax rates announced in the budget apply to tobacco products sold by manufacturers after February 26 and not to the inventories of tobacco products held by retailers and wholesalers at the time the new rates take effect. To ensure that the tobacco tax increases are applied in a consistent manner at all trade levels as of February 27, the excise tax increases will also apply to these inventories. However, the tax increases will not apply to the first 1,000 cartons of cigarettes or equivalent held in inventory in retail outlets at midnight on budget day. This exemption will simplify compliance for small and medium-size retailers.

Finally, honourable senators, this bill charges interest on delayed payments of the tax increases beyond the time within which existing levies are normally remitted and on late or deficient instalments of the tax on tobacco product inventories. This measure will ensure that taxpayers who voluntarily remit the tax increases announced in the budget and those who withhold payment until the proposed increases are enacted are treated equally.

These changes in the taxation of tobacco will raise substantial revenues—$1.4 billion in the 1991-92 fiscal year. The increases in tobacco taxes, and other initiatives under the National Strategy to Reduce Tobacco Use, will also have a major impact on tobacco consumption both this year and in coming years. Thus the additional revenues from these tax increases are expected to decline to $980 million in the 1994-95 fiscal year.

• (1450)

In conclusion, honourable senators, this is an important bill. The tax increases it implements will generate important revenues which will help the government restore fiscal stability and contribute to the government's plan for economic recovery. This plan will create the essential conditions for the restoration of economic growth in Canada by setting out a clear path toward lower inflation and lower interest rates, and by dealing resolutely with the government's fiscal situation.

The tax increases are also a key element of the government's strategy to reduce tobacco use in Canada and thereby protect the health of Canadians, particularly younger generations of Canadians.

Hon. Lorna Marsden: Honourable senators, the honourable senator has just described for us the details of this legislation. I appreciate the fullness and clarity with which he has done so.

On our side, we agree with the presentation of the bill as a measure to increase taxes. That is to say, we agree that is what it does. Our doubts arise in terms of its effectiveness in health measures, and also its impact in other areas. Let me explain our concerns with this bill which we hope to address further in committee.

As honourable senators are aware, the bill received first reading on May 28, 1991, in the House of Commons. Second reading followed on June 14, and it was passed on October 21. The bill implements the budget measures introduced February 27, 1991, which increase the excise taxes and duties on tobacco products.

The purpose of the bill, as has just been described, is two-pronged: First, it increases the tax on cigarettes. Thus, tax revenues will increase, which is important in the current fiscal situation. However, it is also meant to improve the health of Canadians by reducing the amount of tobacco used. Senators who have dealt with measures to improve the health of Canadians through the reduction of smoking will be aware that there is a calculation on the impact of the costs on stopping people from smoking. Those costs have all been worked out in relation to this bill as well.

Let me assure government senators that we are in favour of people stopping smoking and the health improvements that would come with a decrease in the consumption of tobacco products. However, it is our view that the bill as presented is not a bill that deals with health measures but is basically a tax increase. It will raise an estimated $1.4 billion. The burden of this tax is not equally distributed among Canadians, but will rest primarily on the shoulders of lower-income Canadians, who smoke more than other sectors of society. It is a regressive tax which pays no attention to people's ability to pay.

Ultimately, smokers are being punished for making a choice to use a legal product, for tobacco remains a legal product. In the other place, the Liberal critic for the Department of National Health and Welfare proposed an amendment to this bill that would effectively earmark revenues resulting from the tax.

First, it is our view that if the government is serious about its anti-smoking campaign, then it should use the tax revenues such as those which are expected to be raised by this measure in health promotion and education. In this way people could be given the facts about smoking and the opportunity to get rid of the habit. Second, such funds could attack the problem specifically by funding support programs to help people stop smoking. Also, some of the tax revenues could go directly to provide the health care necessary to help smokers as they go through periods of poor physical health.

Finally, on our list but not finally in our priorities, these revenues should be put toward programs to help tobacco farmers diversify and leave the tobacco farming industry. There are 1,300 growers in Ontario, Quebec and the Maritimes. These growers provide some 20,000 seasonal jobs. There are two such programs presently in operation: The Tobacco Transition Adjustment Initiatives helps ease farmers out of the tobacco market, while the Alternate Enterprise Initiative Program helps tobacco farmers search for alternate crops. However, there are not sufficient funds in these programs to meet the demand. Farmers who are trying now to move from a tobacco crop to an alternative crop are simply not getting the help they need from this government. Furthermore, both these programs will expire by April 1992.

One of our most strenuous objections to this bill is that it fails to deal with the burden that is being placed on the backs of farmers who, after all, are growing a legal product and a legal crop and who are not being helped out. The situation in Ontario is extraordinarily bad. In the committee we will present the figures which indicate the situation. I certainly urge the committee to hear from tobacco farmers on the impact this bill is likely to have on the burden that they already carry.

There is no doubt that this tax increase will reduce the number of smokers in Canada, which is a good thing. But taxation is also an issue. Some $4.38 of the cost of a package of cigarettes in Ontario is tax alone. The use of taxation to force Canadians to act in a certain way has a coercive element. On the one hand, the government maintains that tobacco products are legal, yet it punishes those who legally purchase these legal products.

Therefore, honourable senators, we are in favour of the bill being sent to committee. However, we certainly intend to present at that committee our vigorous objections to certain aspects of this bill.

Hon. L. Norbert Thériault: Honourable senators, I am glad that Senator Marsden has raised the points that she has. I want to make my position quite clear. I know of the damage that smoking can do, for I am a victim of it. However, I am getting tired of governments, this one and the one in New Brunswick, piling taxes upon taxes upon taxes on the poorer segment of the population.

Let us face it, perhaps people who have not been around them do not know how poor people operate, but I do. Nothing is being done to educate the kids in school; or, if anything is

being done, it is not half enough to educate them as to the health effects of smoking. Over the past years governments have been to blame for this. I am not being partisan when I say that. I am talking about Liberal and Conservative governments. I could not honestly care less which government it was. I care about the poor people who must pay the bill and who cannot afford it.

The same is true in terms of tobacco as it is for booze and gasoline. At the other end of the spectrum is the politicians. They are all over the place. I refer to Liberals, Conservatives, NDPers and all others. They decry the fact that people cross the border to shop. I want to tell honourable senators this: In New Brunswick today the price of a carton of cigarettes is up to $57, or $8.25 per package. The poorer people very seldom have $57 to buy a carton of cigarettes, so they buy them by the pack. I understand that the price of a case of beer has risen to $15, or something in that order. Federal and provincial taxes on gasoline have doubled or tripled over the last few years. Governments are forcing people to cross the border from New Brunswick to the State of Maine to buy cigarettes, booze and gasoline.

I read today that someone has estimated that the federal government is losing about $350 million a year as a result of the illegal importation of cigarettes from the United States. The government will gain $1.8 billion through the measures in this bill as a result of the increased tax on cigarettes. I do not know how much New Brunswick will gain, or thinks it will gain. In fact, I do not think it will gain a red cent.

• (1500)

The reason I say that honourable senators, is that, thank God, people are gradually, quietly, reducing their smoking. Fewer young people are taking up the habit, and I repeat, thank God. However, there are people who find it impossible to stop smoking. Maybe there are some in this group, I do not know. I only stopped after having bypass operations, and by then it was no problem. But quitting can be very difficult, and new government measures have reached a point where I do not think they are producing the expected revenue.

In rural areas in New Brunswick where in the past people very seldom went across the border to shop, even in my own community now, every weekend, if I ask around, dozens and dozens of people are making the trip across the border. What draws them, I repeat, is cigarettes, booze, and gasoline mostly. And when they are there, of course, they buy other things. On the whole, the retail trade in my province is having a terrible problem.

You have government saying that it is almost un-Canadian to cross the border to go shopping. On the otehr hand, governments, especially this government during the free trade debate preached that, in fact, free trade would make it free for everyone to cross the border and shop as much as they wanted and, in fact, $800 or $900 per household would be saved. Psychologically, therefore, governments have done everything to help people go across the border to shop. With the tax measures that have been implemented in the last few years, in my province and in this country, the governments have imposed an impossible tax burden. As Senator Marsden has said, this affects mostly the poor segment of the population, people who are often down and out. They are smokers, seniors who are 65 and 70 years old. They say, "I am 70," or, "I am 75, and I have smoked all my life."

On top of that, the government is are causing people to become smugglers. Drive anywhere in New Brunswick and inquire. You do not have to make any more than two inquiries to find someone who can tell you where you can buy a can of tobacco, selling for $40 or more in the stores, for $9 or $10. Can you blame people?

Honourable senators, governments are taking the wrong approach. I know taxes are needed. I know revenues are needed. But when you force people to commit illegal acts, and when you force an impossible tax on the poorer people of society, I think it is a wrong-headed policy.

Hon. Gildas L. Molgat: Honourable senators, as I have never been a smoker myself, I have no personal interest in the question.

Senator Barootes: Try it, you'll like it!

Senator Molgat: That, coming from eminent doctor, surprises me, Senator Barootes. However, I have become convinced by what I have read and the statements I have heard that there is indeed a serious health problem insofar as smoking is concerned. I do support endeavours to reduce smoking in Canada. Certainly, as a member of this house, I am delighted that, at our committee meetings, we no longer have to withstand the smoke as we did in the past.

However, I am concerned about the bill in another way, and that is with respect to the tobacco growers who in past years have been encouraged to go into the tobacco-growing business. I know that the measures taken at that time to achieve this and were well meant. They were an attempt to create diversification in agriculture. So governments urged farmers to go from growing other crops into growing tobacco crops, which were high-yield and high-paying crops. That was an understandable action.

However, since then, by government decree in many cases, we have really gone against the tobacco industry. If these individuals had merely gone into this crop on their own initiative, with no encouragement from government, then we would have no particular obligation to them. I would feel very sorry for them but there would be no public responsibility. However, in light of the encouragement given by both provincial and federal governments to growers to enter this industry, we now have an obligation, and I am concerned about how we are dealing with that obligation.

I understand that for a period of time there were, in fact, government grants or government help to get growers out of the tobacco-growing business and into other crops. I understand that has now been stopped. As we are continuing the pressure, and as we are making that industry one that cannot survive, I think our obligation continues because we were involved in the first place in getting these people into the business.

I would, therefore, like to have an answer from the government about their proposals insofar as the tobacco growers in this country are concerned.

Hon. R. James Balfour: I may be mistaken, but I understood that Senator Frith wished to participate in this debate. Has there been a change in that regard?

Senator Molgat: Unfortunately, I have not had a chance to speak to him today. If it is agreeable, we could adjourn the matter until Tuesday in his name.

On motion of Senator Molgat, for Senator Frith, debate adjourned.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SECOND REPORT OF COMMITTEE ADOPTED

Hon. Thérèse Lavoie-Roux: Honourable senators, I would like to move the adoption of the Second Report of the Standing Committee on Internal Economy, Budgets and Administration, which was presented to the Senate on October 19.

The Hon. the Speaker: Honourable senators, Senator Lavoie-Roux, seconded by Senator Meighen, moves that this report be now adopted. Is it your pleasure, honourable senators, to adopt this motion?

Hon. Senators: Agreed.

Senator Lavoie-Roux: Honourable senators, it is the budget presented by the Joint Chairman of the Standing Joint Committee for the Scrutiny of Regulations for the proposed expenditures of that committee with respect to its review of statutory instruments, as authorized by section 19 of the Statutory Instruments Act.

The budget was broken down as follows: $31,530 for professional and other services, $660 for transportation and communications and $20,430 for other expenditures, for a total of $52,620.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

● (1510)

[*English*]

SOCIAL AFFAIRS SCIENCE AND TECHNOLOGY

TWENTY-FIFTH REPORT OF COMMITTEE—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the twenty-fifth report of the Standing Senate Committee on Social Affairs, Science and Technology, entitled: "It's Almost Too Late" tabled in the Senate on 31st January, 1991 (Sessional Paper No. 342-973).

[Senator Molgat.]

The Hon. the Speaker: Honourable senators, I must inform Senator Marshall that he has 11 minutes remaining in his time.

Hon. Jack Marshall: Honourable senators, as you are no doubt aware, in January of this year—that is, ten months ago—the Senate Subcommittee on Veterans Affairs submitted its report on outstanding issues affecting our treatment of veterans. The report dealt with a number of issues in addition to the treatment of veterans of the Merchant Marine, and I refer to the residency requirement for war veterans allowance for those Canadian veterans living in another country and to the POW compensation and the Veterans Independence Program. However, the report dealt first, foremost and in detail with the wartime and post-war treatment of veterans of the Canadian Merchant Navy. In fact, the first paragraph in the section dealing with merchant seamen reads as follows:

> The wartime service and post-war treatment of the veterans of the Canadian Merchant Navy was a major focal point of your Committee's concern, and the Subcommittee heard from a number of groups and individuals who represent merchant navy veterans and merchant navy prisoners of war. As far as we are aware, our investigation marks the first occasion on which a parliamentary committee has been made aware both of the service and sacrifices of merchant seamen during World War II and of the shabbiness of their treatment in the years following the war.

We had a chance to correct that just recently.

> We also became aware of how little we and other Canadians know of the wartime history of the merchant marine. For this reason, the proceedings of our Subcommittee reprint some of the briefs and material we received.

At the conclusion we made three recommendations: first, that at the earliest possible opportunity the Government of Canada introduce legislation to extend full veterans benefits to all Canadian merchant seamen who served in dangerous waters in Canada's armed conflicts; second, that the War Veterans Allowance Act be amended to define as a veteran all merchant seamen who made at least one trip through dangerous waters; and, third, that the Government of Canada prepare and place in the Peace Tower a Book of Remembrance honouring merchant seamen who died of enemy action in Canadian armed conflicts and, further, that suitable monuments to their sacrifices be erected.

While these recommendations dealt with merchant marine veterans as a whole, other recommendations were also of interest to them. For example, in drafting our recommendations on POW compensation the subcommittee took into consideration the fact that some merchant mariners were POWs for up to 50 months and our POW Compensation Act only provides for an award for incarceration for up to 30 months. That is one reason why we recommended that the POW Compensation Act be reviewed. Our objective was to take into account the severity of the POW regime forced on veterans by

awarding additional compensation for each month deemed extremely severe, and we recommended that two additional categories be added at appropriate rates of compensation for those veterans who served 30 months and more as prisoners of war.

Since the tabling of the Senate report, the House of Commons Committee on National Defence and Veterans Affairs has re-examined the wartime service and post-war treatment of Canada's merchant mariners. They heard from some of the same witnesses who appeared before the subcommittee in the Senate and obviously consulted the Senate report in the preparation of their own.

Not surprisingly, the House of Commons committee has affirmed the validity and major recommendations of the subcommittee's report in slightly different words. Thus, they have recommended that merchant mariners with one or more high-seas ocean-going assignments during wartime be fully recognized as veterans and that veterans' benefits be extended to them. They also recommended that a Book of Remembrance be prepared and placed in the Peace Tower and that a monument to honour wartime merchant mariners be erected, preferably in the area of Halifax.

Reviewing the similarities of the two reports it is tempting to think either that plagiarism is the most sincere form of flattery or that the time of the committee of the House of Commons was wasted. But that is not the case. Under our constitution both Houses of Parliament must adopt proposed legislation in the same form before it can become law. The veterans affairs committees of both houses have now reported on our post-war treatment of veterans of the merchant marine and have recommended to their respective chambers that veterans of the merchant marine be fully recognized as veterans in terms both of having the benefits extended to them and their survivors and hving their service and sacrifice publicly recognized.

Both the Senate and the House of Commons have accepted the reports. So in my opinion the government no longer has any valid excuse for further delay in righting the wrong that was done to the veterans of the merchant marine more than 40 years ago.

This tells us a story about the Senate. Apart from the House of Commons report there was a consultation group that arose from somewhere which comprised the three largest veterans organizations in Canada. That includes the Army, Navy and Air Force, the Royal Canadian Legion, and the National Council of Veteran Associations. They are speaking on behalf of 90 per cent or more of the 600,000 veterans in Canada. Here is what they said to the minister in a letter dated October 31:

> The National Council of Veteran Associations—

—and that comprises 18 veterans organizations,

> —at its Annual Meeting in Toronto today, approved the following Resolution:

And the resolution was as contained in the three recommendations that we made. I will not repeat them because I have only 11 minutes.

The letter goes on to say:

> This would appear to mean, in effect, that the position of N.C.V.A. regarding Merchant Seamen can be interpreted as being either that as set out in the Consultation Committee Submission to you of May 8, 1991—

—that is four months after we tabled our report,

> —or that set out in the Report of the Senate Subcommittee.
>
> In other words, my feeling, and that of N.C.V.A., is that we are prepared to fully support the recommendations of the Senate Subcommittee which we believe forms the basis of the proposals from the Merchant Navy Coalition.
>
> Alternatively, we would continue to support the position of the Consultation Group, as forwarded to you last May.
>
> The position of N.C.V.A., as outlined herein, was discussed at the Consultation Committee Meeting in Ottawa, October 28th, 1991.

It was agreed that the chairman of that group, the now Dominion Command President of the Royal Canadian Legion, would write to the minister advising that the consultation group is in agreement with the proposal that it support either the position set out in its submission of May 8th or that of the Senate subcommittee.

• (1520)

That is clear. We have the support of all the veterans' organizations in Canada. As I said before, that includes over 90 per cent of all recommendations.

What did we do in the Senate subcommittee? Last January we produced a report after five or six months of hearings. We produced the report entitled "It's Almost Too Late." We then attempted to find out if we had the support of veterans across the country; we sent out 2,500 petitions and we received up to 17,000 signatures. Multiply that by the families and the friends of those veterans. That includes many hundreds of thousands of veterans and Canadians who support the cause that we took up. As a Senate, we took up the cause of the veterans. It is the Senate's right and responsibility to protect minorities, and 3,500 merchant seamen are a minority group in Canada.

I then introduced a bill in the Senate which, as you know, was defeated. The Speaker ruled against it as a money bill, which I do not agree with. I challenged the ruling, and we had a vote and lost by one vote.

Honourable senators, what harm would we have done if we had given unanimous consent to the passage of that bill? The Commons agreed with our report and gave the same recommendations as we did. The Commons could have taken that bill and passed it, and we would have been acclaimed across the country as the heroes of the Canadian conscience. Yet, we look at the narrow thinking permeating this country with respect to the national unity debate. We defeat a just bill, a

just cause for a minority of people who have been forgotten for so many years, and then we stand up on Remembrance Day and say what a great bunch the veterans are.

I can only repeat, honourable senators, that the Minister of Veterans Affairs has come full circle. He has looked at all the reports. I have not had a response yet from our report of January, some 10 or 11 months ago. I have not had the courtesy of a response from the minister indicating whether the recommendations are good or not. Evidently they are good recommendations, because I hear that from everybody but the minister.

As a Senate, we could do something right for Canada. We could do something for the people in Canada who are fed up with this situation, and they would praise us, the Senate, for doing so.

I leave that with you, honourable senators, as a cause for Canada that we should be dealing with right now.

Hon. Senators: Hear, hear!

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable Senator Marshall has given the details of all the groups supporting this report. I was on the subcommittee that heard this matter. Could the honourable senator tell me if there were any objections? I did not hear any, but did Senator Marshall hear any objections to the idea? If there are no objections, what is the problem? Is it a matter of dollars? Is that why the government will not move, or are there other reasons?

Senator Marshall: We have not had objections, other than from people who do not like the Senate and say that we did not go far enough, or that our bill is not the proper one, or that we did not do it the right way, or that we are asking for changes to the Pension Act and that part of it should be a separate piece of legislation.

Whatever the objections are, the individuals who drafted the bill say it is a good bill. It is not a money bill. I bow to the Speaker's Ruling; I could do anything else, but it is not a money bill. Nobody objects to it now, because it is a good issue. There were objections, but we have overcome them. An overwhelming majority of people across Canada applaud us.

The word "money" is an excuse that all governments use, but they can find the money when the cause is right, and we all know that here in the Senate. Perhaps it is a matter of timing. I know the minister has commissioned a former assistant deputy minister from the department, who used to be in charge of veterans' services, to look into the aspects of the legislation, one of which is how to define "merchant seaman." I say that has already been established. The government has changed the War Veterans Allowance Act so many times that it is not even funny. There is a Canada service veteran now; a civilian war pensioner now. So what is holding up the definition of "veteran"? They just did not have a uniform. I do not think there is any excuse now.

I understand that the minister is meeting with the heads of these three groups in a few days. What bothers me is that we reported 10 months ago. The House of Commons committee has given them 150 days to respond. That will bring it into March of next year and another 8 per cent of all veterans will have died, including merchant seamen. If the cause is right, we can do it tomorrow.

One of the aspects of the bill they could do by an amendment to the veterans' care regulations is the veterans independence program, which is very popular with aging veterans. The government could do it tomorrow, if it wanted. The minister knows it and everybody else knows it. Why the government is procrastinating, I do not know.

The Hon. the Speaker: Honourable senators, I wish to point out that Rule 38(4) reads as follows:

> Except as provided in sections (2) and (3) above, no Senator shall speak for more than fifteen minutes, inclusive of any question or comments from other Senators which the Senator may permit in the course of his or her remarks.

I have not implemented this rule. I am pointing it out to honourable senators. The rule could be changed, but that is the way it presently reads.

On motion of Senator Marshall, debate adjourned.

THE ECONOMY

FAILURE OF GOVERNMENT TO ADDRESS ECONOMIC ILLS—DEBATE ADJOURNED

Hon. H.A. Olson rose pursuant to notice of May 28, 1991:

> That he will call the attention of the Senate to the failure of this government to address the economic ills of Canada.

He said: This inquiry was placed on the Order Paper on May 28, 1991. I realize that the wording of the inquiry is broad and general.

A number of economic problems are of growing, desperate concern to the people who live in the part of Canada that I come from. I wish to discuss briefly, within the *Rules of the Senate*, the matter of agriculture and the matter of the unprecedented levels of unemployment in the oil and gas sector of our economy. The problems in these areas have been exacerbated by the monetary policy followed by this government over the past few months. We are suffering profoundly from the monetary policy of this government and the interest rates that flow from that policy.

The government seems to believe that the ramifications of the GST on the economy have gone away and died. I certainly hope that the government is not of the opinion that Canadians have forgotten about it, or that they have toned down their resentment of the GST. I spent most of the last two weeks in southern Alberta. It is easy to go about that part of the country and become involved in very intense discussions about the resentment, not so much to the amount of the GST that is paid, but to the method that is used to collect it and all that is involved in the accounting that is required of hundreds of thousands of Canadian citizens that was simply not required before it was brought in.

• (1530)

Turning to agriculture for a moment, and particularly to the grain trade, in spite of all the questions that I have asked over the last few months and all the announcements that have been made by the Minister of Agriculture and by the Minister of Finance who was, by the way, the Minister of Agriculture, and all of the replies that they have given to the Leader of the Government in this chamber in reply to my questions, nothing has happened. Those farmers have not received any money at all for months.

I see that Senator Barootes is making some facial expressions that would indicate that he does not agree with what I said.

Hon. Efstathios W. Barootes: My stomach keeps turning when you say things like that.

Senator Olson: If he knows of any significant amount of assistance that has come from any of the announcements that have been made since last May or June, I hope he will rise and say what they are. He is not listening. He is a very good senator as far as giving sympathy to farmers in western Canada is concerned, but when it comes to delivering something tangible in order that they can go to town and pay their fuel bills, tax bills, food bills, and all the rest of their expenses, there is nothing. Not one payment of any kind that I know of has come, in spite of all the promises.

Yesterday, I asked whether or not they had worked out the details to deliver on the $800 million that the Minister of Agriculture had promised some weeks ago and I did not receive any answer at all. I received confirmation from the Leader of the Government in the Senate that, yes, they would not increase the deficit to pay the $800 million. All that means is that they will borrow the money and they will find it some place, but until they do find it some place, it is not certain that it is even coming, because that is one of the conditions—

Senator Murray: It is coming.

Senator Olson: —that was put on it by the Minister of Finance: We will not increase the deficit to make this payment.

I am not the only one who has done a little research to come to that conclusion. There was an article written by Marjorie Nichols who talked to many people on Parliament Hill, and she also came to the conclusion that the government members were probably bluffing—bluffing in the sense that they knew there would probably be a payment of about $800 million under previously-announced programs anyway and that is what they were talking about.

I do not believe that government members are quite that dishonest. It is fairly dishonest to tell people that you are coming out with new money when you are really only trying to anticipate a date when a payment would be made anyway. I do not believe that.

When Senator Murray tells me that the government will find $800 million of what he calls "new" money, at least money in addition to anything that might have been paid under the GRIP or the NISA programs, I believe him. However, I keep trying to find out on what basis the payment will be made. Will it be made on the permit books in the grain sector? There has to be a basis of payment for the other sectors of agriculture too, because the minister told me there was about $100 million that would be paid to some other producer groups, other than the grain and oilseeds sector. That is acceptable, but we do not know yet what will be used. Will the acreages in the permit books be used to determine what the payment will be, who will be paid and how much they will be paid?

Hon. Lowell Murray (Leader of the Government): I have told you that there will be an announcement probably this week.

Senator Olson: Perhaps I better wait with anticipation.

Senator Murray: With bated breath.

Senator Olson: Not only have I been waiting, but the people who desperately need that money are waiting.

I wonder, when you come in with the announcement, will you change the date a little? A long way forward in February or sometime in March is not satisfactory when farmers are already starving for money to pay for expenses.

Senator Murray: Before seeding, we said.

Senator Olson: Before seeding.

Senator Murray: That is what we said.

Senator Olson: That is the third line of defence—sometime before seeding. Before seeding in 1992, or when? I keep asking these questions because people want to know, and you keep dodging.

Senator Murray: No.

Senator Olson: Some people will seed in June, 1992. I mean, it cannot be 1991 because no one is seeding anything more this year, so it will be for 1992.

Senator Barootes: Lots of winter wheat is being seeded at this time.

Senator Olson: Senator Barootes, you do not really believe that any more winter wheat will be seeded in 1991, do you?

Senator Barootes: There will be some seeding done in Ontario this fall.

Senator Olson: I will not argue about that. Before seeding, I presume, means before seeding in 1992.

The third line of defence, and all that was supposed to be involved in that when it was announced by the Minister for Grains and Oilseeds, the Honourable Mr. Mayer and the then Minister of Agriculture, the Honourable Mr. Mazankowski, was to be a program that would be needed from time to time when the regular programs such as GRIP and NISA failed to meet the need. That is the reason for its announcement, and the farm organizations that were involved in putting it together believed that.

Honourable senators, let me tell you without the slightest reservation that the receipts from the sale of grain so far this

year, and all the payments—although there have not been any—that have come out of any other programs have been demonstrated to be far below the requirements to pay even some of the simple expenses like harvesting expenses for fuel and repairs. That was the plea that was made by leaders of farm organizations when they tried to persuade the government that it is time for the third line of defense to come into action. They received a commitment, such as it is, that some kind of payment in the amount of about $800 million would be paid before seeding in 1992.

● (1540)

Honourable senators, that is not good enough. That is something like trying to offer someone some nourishment after they have starved to death. We are not talking about great amounts of money that will keep the whole agriculture industry healthy. That is not what is involved here at all. What is involved is a little money now so that they can get over the winter of 1991-92. The minister has already said that there will be an announcement within a few days. I hope it will clear up all this confusion or lack of information in light of what has been provided to date. We want to know that the government has the money, and that it is not looking around in some other programs to find it.

We would also like to know so that some people can go to their bankers at least, or to the people who are carrying them on credit, and say, "Look, I think we will get a few dollars, sometime before seeding. Could you carry us over until then?" We really need to know the dates somewhat more precisely. We also need to know the terms and conditions of identifying those people who will get a payment. Will it be people who applied for a permit book? The reason I bring up that point is that, for the past 40 or 50 years, that has been the most common basis for the distribution of government funds in the grains and oil seeds sector in western Canada. Will it be on some other basis if not on the permit books, and, if so, on what? There may be a lot of people who think they will be eligible for a payment but who will come to find out, when the government publishes the rules and conditions of who is eligible, that they may not qualify at all. That is worrisome when you are on the brink of bankruptcy.

Honourable senators, I think I will leave that matter for now because the minister has said an announcement is imminent. I want to talk now about whether or not we can expect some modifications to the GST. One of the things the people of this country are waiting for is an election so they can get at you. I know, and you know, exactly what they will do when that happens. They will toss you out in the greatest landslide that this country has ever seen. That is clear.

Senator Molgat: They can hardly wait.

Senator Olson: The people also know that we do not have to have that election for two years. The present government can sit in office for, I believe, five years from November 21, 1988. So that is 1993. That is when the mandate expires, so an announcement on the election date has to be made by that time. However, it could be some months later that the actual election takes place. Governments have done some strange things. We could even go into 1994 before there is an election. Most people in Canada understand democracy well enough to know that they have to put up with a government that they elect until their mandate expires.

That is why I am standing before you today to plead with you to do something about the GST, even in the two or so years that are left, because people are sick and tired of the accounting slavery that I explained to this house has come about as a result of the GST.

Hon. William M. Kelly: May I raise a question?

Senator Olson: You certainly may, but you will understand my time is limited.

The Hon. the Speaker: I must tell Senator Olson that there is one minute left of his 15 minutes.

Senator Olson: Honourable senators, I will take one more minute. In fact I could stop now, let you call the next item and start up again.

Senator Kelly: Senator Olson, could I ask a quick question?

Senator Olson: Go ahead.

Senator Kelly: Just to help me understand. I apologize for having to do this but I have been out and have lost track of where we are. Are you on inquiry three or four?

Senator Olson: I think it is four.

Senator Barootes: It does not matter; let him finish.

Senator Corbin: Why do you not ask your front bench? Are you a potential whip, asking questions of that kind?

Senator Olson: If my time has expired I do not want to ask the house for any special dispensation as to the time concerned. Please call the next item.

Senator Murray: Honourable senators, I intend to say a few words in response to what Senator Olson has just said on this inquiry. I believe that is permitted.

Senator Olson: You have 15 minutes, I think.

Senator Murray: My friend says I have 15 minutes. I will not take that, but I do want to comment on one or two points that the honourable senator has raised.

First of all, there is no question about where the government stands on the GST. We brought it in; we continue to believe, and the evidence is there, that it is helpful to the exporting sectors of our economy. A few moments ago we heard Senator Olson's colleague, Senator Thériault, talking about cross-border shopping. We have heard from the truckers of this country about the problems they face. The fact of the matter is that one of the things that the GST did was reduce the federal tax on diesel fuel by three cents a litre. This is a pretty significant amount. The problems facing truckers in this country would be considerably greater were it not for the reduction of the tax on diesel fuel that occurred as a result of the GST.

Second, I should point out, as I did yesterday in answer to a question from our colleague, Senator Simard, that we will study and continue to study the impact of the GST on various

sectors of the economy. We will take whatever steps we feel are appropriate and desirable once we have had the time to draw conclusions from that study. I remind the honourable senator that the GST has been in force for less than a year. It came into force on January 1 of the present year.

Senator Olson: That is something that Canadians do not like about it already.

Senator Murray: I am sure there are many things that Canadians do not like about it and a great many other taxes.

Senator Olson: Especially the GST.

Senator Murray: The honourable senator should not imply that there is any ambiguity about the government's position on this matter. We brought it in. It is a tax such as is imposed in up to 50 other countries. It is a tax that makes our exporting sectors more competitive. Therefore, it is helpful to the Canadian economy.

Senator Thériault: We saw that at the end of the month.

Senator Olson: It does not turn out that way.

• (1550)

Senator Murray: The honourable senator says it does not turn out that way. We will see. The tax has been in force for less than a year. I repeat, less than a year. We will study its impact on various sectors of the economy to see what changes or improvements need to be made.

Honourable senators, I think I should also point out that the government is committed to applying all of the proceeds from the GST to deficit and debt reduction. The honourable senator knows that. The government—

Senator Olson: You apply all the income you have to all the expenses you have. I know that, too.

Senator Murray: None of the GST revenues will be used to finance new spending programs by the Government of Canada. This is important. Further to that, we have committed ourselves to keeping the increase in program expenditures to 3 per cent per year as a maximum.

These policies, honourable senators, are having the desired effect on the rate of inflation in this country, and therefore on interest rates, and therefore on economic growth. Under the circumstances, it is no surprise at all that all of the reputable think-tanks, nationally and internationally, are forecasting that Canada will have a very substantial increase in economic growth in 1992. Indeed, some of these projections are that Canada will lead the industrialized world in the rate of economic growth in 1992. The honourable senator has the policies of the present government to thank for that and the perseverance of the present government in sticking to those policies, even while the honourable senator and his colleagues are doing their level best to wreck those policies and to sow lack of confidence—

Senator Olson: Everybody believes you, except the Canadians.

Senator Murray: On the GST, I think it is worth mentioning that while the position of the government is clear and without ambiguity, the position of our friends opposite is, to say the least, rather mixed.

Senator Olson: Consistent.

Senator Murray: Consistent, is it?

An Hon. Senator: Consistently mixed.

Senator Murray: When his leader, Mr. Chrétien, was Minister of Finance back in 1977, he looked at the Manufacturers' Sales Tax and said:

> It worries me [. . .] that serious structural problems have been identified in the manufacturers' sales tax [. . .] These problem areas in the law cannot be tolerated indefinitely.

That was Mr. Chrétien in 1977.

Senator Olson: How about something more recent?

Senator Murray: I will give you one from 1990, when Mr. Chrétien was seeking the leadership of the Liberal party. I quote.

> I can't say I will kill the GST or I won't kill the GST. You have to tell people where you'd get the $25 billion.

That was on April 2, 1990, as reported in the *Winnipeg Sun.*

However, a few days later, on April 21, 1990, Mr. Chrétien said:

> It would be impossible for me to say that I would get rid of the GST today because I would have to tell you where I would get the $25 billion to replace it and I really don't know where the money will come from.

Senator Olson: That is a pretty responsible statement, is it not?

Senator Murray: Six months later, with the GST on the brink of becoming law, and all the fun and games that were taking place down here in the Senate, Mr. Chrétien decided to join the Liberal senators and announced that he was going to replace the GST. Indeed, he announced the creation of a Liberal working group to

> propose a fair and equitable tax system that will give us the necessary revenues to implements our programs.

However, a few weeks ago, Mr. Chrétien did a complete about-face on the question of the GST. Rather than replace the system, he decided just to tinker with it. I quote him:

> I want the GST to be changed substantially.
>
> We're saying that we're reviewing the tax and that it will be fundamentally changed.
>
> But I cannot say there will be no tax on any goods because there will be. I cannot say that there will be no tax on any services because we don't know yet.

So much for the various positions of the leader of the Liberal party. As between a party that knows where it stands, that has a clear position, that knows where it is going, as this government does, and a party that cannot make up its mind and a leader who backs and fills and fudges on important

issues, I think the people of Canada will always choose the party and the government that knows its policy and has no fear of announcing it and giving some direction to the Canadian people.

Senator Olson: Never mind whether the Canadian people like it or not.

Senator Murray: On the matter of agriculture, I indicated earlier that Mr. MacKnight will be making an announcement perhaps as early as this week on these payments. I want again to put on the record that the $700 million that we are talking about, along with assistance from existing programs—and I am talking here about GRIP and NISA and so forth—and from some of the provinces, will bring government payments to the grains and oil-seeds producers to about $3.3 billion between now and the end of June, 1992. After deducting the producers' premiums of about $600 million for crop insurance and GRIP, the net amounts producers will receive is about $2.7 billion. I have put this on the record on a previous occasion. I do so again in view of the questions that the honourable senator persists in raising, notwithstanding the clear answers that he has been given by me and by other spokesmen for the federal government.

Senator Olson: Clear answers, no action.

Senator Murray: I have told the honourable senator also that at least some of the money will be provided over the next two to three months, and as I said two months ago, our target is to have all of it in producers' hands by seeding time next spring.

The honourable senator says that the farmers have received nothing. Well, first of all, let me remind him of the record of the past few years.

Senator Olson: Just this year.

Senator Murray: In 1986, the $1 billion Special Canadian Grains Program. In 1987, $1.1 billion in the Special Canadian Grains Program. In 1988, $850 million in the Crop Drought Assistance Program. In 1990, $500 million in the Special Income Assistance Program. In 1991, $640 million in Farm Support and Adjustments Measures.

This year, honourable senators, in March we announced a $158 million payment under the Western Grain Stabilization Program. In April, we wrote down farmers' GRIP premiums by 25 per cent and provincial premiums by 10 per cent to make it easier for farmers to join this safety net program, an initiative that is worth $112 million for producers and $33 million for the provinces.

In August, we announced the extension of the Cash Flow Enhancement Program to the new crop year beginning August 1. This means farmers can receive interest-free cash advances of up to $50,000 on their 1991-92 crop.

In September, the NISA forms went out. Most of the cheques, as we know, are to be in the mail between September and Christmas, and NISA itself will deliver some $334 million in 1991 and another $220 million early in 1992.

[Senator Murray.]

In October, the interim GRIP payment cheques began going out to farmers in Manitoba and Saskatchewan. This interim GRIP payment is expected to be at least $600 million for all of Canada.

In November, GRIP interim payment cheques began going out to Ontario and Alberta farmers. The final payment will be made through the Western Grain Stabilization Program. Payments will be made on eastern crops under the Agricultural Stabilization Act.

Honourable senators, the record of action, the record of assistance, on the part of the federal government towards the farmers for whom my honourable friend speaks completely belies the contention that he has made in this house earlier today that nothing has been done, that there has been no follow up, that there has been inaction on the part of the government. When the need is there, we consider the need. We take advice from the farmers and the Third Line of Defence Committee. We then act in consequence. That is what we have done.

• (1600)

My friend the Minister of Agriculture will make a statement tomorrow as to a substantial part of the special assistance and the modalities of payment, how the assistance is to be delivered and what the timing will be. Surely the honourable senator can await that announcement.

In the meantime, the least he might do is acknowledge the positive steps that have been taken by this government, by Mr. McKnight and by Mr. Mazankowski before him, to bring a real measure of assistance to the farm sector which, as the honourable senator correctly says, has been sorely tried by circumstances that are outside its control and outside the control of this government or this country.

Hon. L. Norbert Thériault: Honourable senators, because my name was brought into the debate by the Leader of the Government in the Senate, I wish to make a few points, but not on issues concerning farming. I will leave those to my friend and colleague, Senator Olson, who is more than familiar with the issues. I wish to say a few words about taxing measures and government policy in general.

I, for one, honourable senators, hope that the Leader of the Government is right when he says that next year we will see a boom in the economy like we have never seen before. The problem right now in Canada is that 85 per cent of Canadians do not believe this government. They have no confidence in it. That accounts for part of the problem we see in the economy.

The people do not believe Senator Murray when he speaks on behalf of the government. They do not believe the Prime Minister. They do not believe the Minister of Finance. They do not believe anyone. The end result is that the Canadian people have lost their confidence.

My friend Senator Olson talks about what will happen in the next election. I will make a prediction on that point. I do not know what party will get the most seats. I do not know who will be elected. However, I dare say that if the Conservative Party salvages 30 seats in Canada, it will be very lucky. I

do not know whether it will be Preston Manning or Lucien Bouchard who is elected, or a member of the NDP or the Liberals.

We have lived through such a loss of confidence in the government over the last few years in New Brunswick. The end result has been that the Tory party was completely wiped out. That could happen in this country. It is sad.

Honourable senators, the policies that have been embarked upon by this government are a copy of the Reagan-Thatcher policies. They have proven only one thing—they are not the complete answer to economic problems. I ask honourable senators to look at what has taken place in the United States of America.

Senator Murray: Do you agree that it is a partial answer?

Senator Thériault: Look at what has happened in Britain. At least there, a way to get rid of Thatcher was found. If we could get rid of Mulroney in Canada, then perhaps the people of Canada would regain some confidence.

Senator Barootes: Worry about getting rid of Chrétien.

Senator Thériault: This is not the first time that the country has gone through a recession. The last time we had a bad recession was in 1981-82. Even in those days, the people of Canada had not lost confidence. The proof of that is that when the economy started to come back, it came back with a boom. This time, we should look at all the indicators.

Senators opposite talk about the success of the GST over the manufacturers' sales tax. For the first time in 15 years we have a trade deficit. Free trade was supposed to give us free access to the American market. What has happened?

Senator Murray: Did the honourable senator happen to notice that those statistics are for a month in which, because of a strike, almost no grain was shipped abroad?

Senator Olson: But the Tories were in office.

Senator Thériault: Even if you leave out the grain and just look at the Americans, the honourable senator will recall that there was no strike in the auto manufacturing sector. There was no strike in the other major manufacturing sectors in Canada.

Honourable senators will recall that when we started negotiations with the Americans on the free trade agreement we had an annual surplus of $20 billion per year. What has been the trend since then? The right-wing policies of this government and its giving of all the breaks to the Americans have brought this country to a point where the Canadian people have lost confidence in it. That is sad.

Do honourable senators remember the big debate we had on Bill C-21, the patent drug legislation, and on unemployment insurance?

Senator Murray: Yes.

Senator Thériault: These matters are now coming home to roost.

Senator Murray: Tell us about the forecasts and the predictions you made about drug prices and about R and D. Tell us what has happened, notwithstanding your predictions on both counts. Bring the statistics in.

Senator Barootes: You should be ashamed to raise Bill C-21.

Senator Thériault: I am quite happy that the Leader of the Government in the Senate was able to predict what I was about to say with respect to the patent drug situation, since today there is an article in the *Toronto Star* on that very subject. I know that some senators on the other side of the house do not like to hear about articles that are in the *Toronto Star*; they like to quote the *Globe and Mail*, which is their political Bible.

It states in this article:

> Canada will be under strong pressure in North American free trade talks to end the patent-law provisions lowering the price of prescription drugs for consumers, a Washington patent expert warns.
>
> The United States succeeded in having Canada make controversial changes during the Canada-U.S. free trade negotiations, Robert Sherwood, a U.S. expert on intellectual property law, said yesterday.
>
> But these changes did not go far enough . . . Sherwood told a free trade conference organized by the University of Toronto's Centre for International Studies.
>
> The U.S. pharmaceutical industry, which dominates much of Canada's pharmaceuticals business, wants further curbs to the system of compulsory licensing.

It goes on to state that prior to the 1987 law the generic drug arrangement succeeded in reducing drug costs by $300 million per year in Canada. I know that for the same program in four different provinces where I have made inquiries, drug costs in those provinces have increased. This is despite what we read in the glossy advertising taken out by the drug manufacturers. Health costs have gone up in my province, where there is a population of 750,000 people, by $19 million because of the increase in the price of drugs. This is what the policies of the government are doing.

Senator Murray: What is the percentage increase? Let the honourable senator tell us what the percentage increase is in patent drugs, because it is patents drugs that we are controlling here, since that bill became law? Bring those statistics in. Never mind the global budget figures in New Brunswick about which, frankly, it is impossible to judge their meaning.

Senator Thériault: I tell honourable senators that I get my information from the provincial governments who have to pay the costs, not from the big companies which are supplying funds to the Conservative Party. The policies of the government are causing the cost of health programs in Canada to go through the roof. People in government cannot afford to pay them any more. This is part of your philosophy of following Thatcher-Reagan policies.

• (1610)

A lot of people are afraid to talk about government intervention of any kind because of what happened in Eastern Europe and Russia. No one ever suggested that communism was the answer. No one from this party has ever suggested that total social programs or total government intervention was the right program. But we do contend—at least, I contend—that it is the mixture that has proven right for Canada since Confederation. A mixture of government and private enterprise has made the standard of living for the people in this country better than in any other country in the world.

I say to you that your policy is going in the wrong direction. The last time that Canadian history records a totally free market society was in 1930 under R. B. Bennett, and the end result was the biggest depression that anyone has every heard of. Since those days, a combination of private and government enterprises and interjection and intervention have produced results in this country.

So much for the drugs. Now the unemployment insurance program—

Hon. Efstathios William Barootes: Would you entertain a question, Senator Thériault, please?

Senator Lynch-Staunton: Only an entertaining question.

Senator Barootes: It is an entertaining question. Prior to the institution of Bill C-22, the drug patent bill, the figures were a 9 to 16 percent annual increase in the cost of drugs. Since then, as promised by the pharmaceutical companies, the rate of increase in the cost of drugs has been less than the cost of living index.

Senator Thériault: Right, right.

Senator Barootes: You cannot deny that. It has also brought back to Canada some—you can hold me to this number—140 or more Canadian scientists who had deserted to do their research in the United States. They are now back in Canada and working in research here. Is that a plus or a minus?

Senator Olson: What's the question?

Senator Thériault: Honourable senators, as I said earlier, I am not getting my information from the glossy ads in *Maclean's* or any other magazine, paid for by the hundreds of millions of dollars of super-profits made by the drug companies since 1987. I know, Mr. Thatcher, where you come from.

Senator Corbin: And we know what happened to Mrs. Thatcher.

Senator Barootes: I know where you are coming from, too, Mr. Lewis.

Senator Thériault: I know where you come from. You want the same kind of free market society that has caused the Americans to have 40 million people without any kind of social protection at all. That is what you want. Your policies have caused the situation where there are now more than a million people on welfare in the great province of Ontario. It is not only happening in the Maritimes.

[Senator Thériault.]

Your policy on unemployment insurance has caused the need for increases in premium payments—by 24 percent in July, and by 7 percent again in January 1992. In the meantime, under your philosophy, you have gone to that fund and taken $1.8 billion for training that used to—

Senator Murray: You are against that, are you?

Senator Thériault: No, I am not against training.

Senator Murray: You are against funds for training?

Senator Thériault: But those funds used to be provided from general revenue, not from the backs of the poor unemployed people in Canada. That is what your philosophy is achieving in this country.

Next year, you say there will be a projected growth of 4 percent. 4 percent, after two years of no growth, is what? It won't bring you back to where you were in 1990.

Senator Murray: Yes, it will.

Senator Thériault: Honourable senators, look at the polls. Read the polls. The people of this country have lost confidence. Your policies are not working. People are concerned. People used to be secure in their thoughts that there was in Canada a social safety net to protect them during recessions. Now, people are not spending. Even those who have a few bucks will not spend them because they are scared. They are worried. And because people are not spending, there is no growth in the economy.

Senator Murray: That is not true.

Senator Thériault: Even the business people should understand that, when you cut unemployment insurance, you force more people onto welfare roles. People lose confidence, and they have no money to buy, and when they do not have any money to buy, the business people do not make any money.

In the last 50 years, since World War II, we have had it good in this country. I am not suggesting at all that the Liberals did it all.

Senator Olson: No, but they did.

Senator Thériault: But I am suggesting that this is the first time since the War that we are faced with a Reagan-Thatcher policy, made outside of Canada, that may be good for the United Kingdom and may be good for the money-oriented people of the United States, but it does not work in Canada, and the Canadian people will not support it.

Senator Murray: Trust the facts. Give us the facts.

Some Hon. Senators: Hear, Hear!

On motion of Senator Barootes, debate adjourned.

UNEMPLOYMENT

FAILURE OF GOVERNMENT TO ADDRESS UNEMPLOYMENT IN CANADA, PARTICULARLY IN ALBERTA—DEBATE ADJOURNED

Hon. H. A. Olson rose pursuant to notice of Tuesday, May 28, 1991:

That he will call the attention of the Senate to the unemployment situation in Canada, and in Alberta in particular.

He said: Honourable senators, I had a number of things I wanted to say on this matter. We were diverted into a number of matters that were very interesting, and I think they needed to be said, particularly by Senator Thériault. It was also very good that Senator Murray got into the debate to some extent, because he provided us with some more information and perhaps more specific promises about a number of things in the agriculture sector that he has not done before.

Under Inquiry No.5, however, I want to talk more particularly about the unemployment situation in Alberta. The reason is that we have never, in recent history, had anything that equates to the present unemployment situation in Alberta. To be fair, I am not suggesting that the numbers of unemployed in Alberta are the highest. The Alberta level is lower than the national average by some 2 percentage points. I am not quite sure what it is, but I think it is around 8 percent or so, the national average being 2 or 3 percentage points higher than that.

However, the kind of devastation that is going on amongst the so-called working people in Alberta at this time has never happened before. There is downsizing in the gas and oil business. There are deliberate attempts to cut costs that are resulting in people losing jobs, jobs that they had expected to have for the rest of their working life.

I am sure that every part of Canada has some very basic, stable industries. Well, not any more; not since 1984. A lot of that has come loose.

• (1620)

Prior to that time, people could get into the forest industry in B.C. with a good reliable company and expect to work there for the rest of their lives. No doubt in the Maritime provinces people expected to work in the fishing industry, or perhaps the ocean transport industry, for all of their lives. That was also true in Alberta in the gas and oil sector. If a person was able to get into the employ of large companies like Esso Resources, Amoco, Shell and a lot of others, and work their way through the various promotions, they expected that that would be their occupation, with all the benefits that come from promotions from time to time, for the rest of their lives.

During the summer of 1991 there has been a program to which the newspaper reporters refer as "downsizing". The announcement comes out from Esso Resources that it will lay off 900 people. Amoco makes an announcement that it will lay off or "downsize" by 3,900 people. I do not have the statistics in front of me, and in the few minutes I have at my disposal I do not have time to read them, all anyway. What is important is that as far as those people know, they have lost their jobs forever. It is not a layoff for a few days or weeks or months, after which they will be called back. They have been told that that position does not exist in the company anymore.

These are people of all ages, but some of them are in the age group of 40, 45 and up. They probably have some savings, but most of them, like everyone else, have a house that requires the kind of salary they were making in order to make the payments, and they have a car and all the other things that go with feeling fairly comfortable in the Canadian scene, because their job was to be steady and carry on. Now they have been laid off and have no hope of getting back on.

Senator Barootes: Is this a speech for your householder for Christmas?

Senator Olson: I think it might be useful to send it out. I will tell you one thing that I know about politics, which perhaps Senator Barootes does not know, and that is that the most effective way of communicating with the people with whom you are supposed to communicate is to reflect accurately what they have on their minds. I said that he may not know, but I think he does know that. You do not need a bunch of new, bright ideas on how you intend to change everything in a country. You need, first, to articulate clearly what is bothering people, then they will read it and have some respect for how you obtained that information, that feeling for them.

I hope that over the years I have been able to do that because, in my view, the mark of a good and successful politician is that he can come from as far away as Alberta to the capital of this country and stand before one of the houses of Parliament and tell it like it is, and say what the people really have on their minds.

I do not send Christmas brochures, by the way, but if people out there read some of the copies of *Debates of the Senate* that I intend to send out, I hope that they will agree that I have been able to accurately reflect their opinions of the Government of Canada and what it has done and, indeed, what it has failed to do. And what is most important right now is what the government has failed to do.

We do not know anymore what the national government's policy is respecting gas and oil. I do not think the government has one. I do not think there is one person on that side of the house who could get up and, in five minutes or 50 minutes, say what the policy of this government is respecting gas and oil, except to say "let the market decide". That means that the decisions that are made in Saudi Arabia have far more effect on what happens to the employment levels and the distress in the oil patch, as we call it out there, than anything that we do in Canada. If that is the way you think it ought to be, okay, but at least come clean and say so. Say that you have abdicated your responsibility to govern this country.

Some minutes ago there were some complaints made about the government abdicating its responsibility even for the social services safety net that Canadians have become so proud of. We know that is coming. We know that if this government stays in office long enough it will start to undermine the medicare system, the hospitalization system and all of that. It is very simple to understand why. The multinational corporations for whom the free trade deal was wrought need that move because they can argue very satisfactorily that it is unfair for them to compete in the so-called global village if they have to carry the cost of hospitalization, medicare and all

the rest of the safety net programs that we have, as opposed to someone manufacturing in other parts of the world where they do not have to carry the medical system on the back of the taxation system.

We can figure that out. There are lots of people who understand that now, and there are a whole lot of people who do not want to change that, either. So I hope that this government will try to do something. I am making a plea today not because I am afraid of what will happen. If the people had a chance to vote and they voted the government in, I would have to take it. There would be buttons all over the place saying, "Don't blame me, I didn't vote Tory". But people realize that this government will probably going to hang onto office to the last day, November 21, 1993. Therefore there are a couple of years left, and I plead with the government to make some changes so that people can have some hope.

Let me talk about the GST. You can say all you want about the GST. I was listening to Senator Murray say that the GST is a wonderful thing but that we have not yet had quite enough time to see whether people like it. I will tell him right now that they do not like it. They understand they have to pay enough taxes so that there are not increasing deficits in this country. That is not the point. The point is that it has an unnecessarily complicated and costly collection structure that the people do not like.

For example, a farmer used to be able to exchange a little custom combining or ploughing with his neighbour. As the farmer pays for the work—and they will stop paying in money—but supposing he does it for $1,000, he must send $70 to the government. He must make all the arrangements to get the forms and account for it. If he does not, the revenue policemen will check him out.

● (1630)

Then what happens? The farmer who paid the $1,000 and the $70 GST must apply to get the money back. This is zero-rated for farmers. The farmer is not supposed to pay, but the government would not exempt him. The farmer must go through this complicated procedure of bookkeeping, accounting, collecting the GST, obtaining the correct forms and submitting them to the government. The farmer probably has to borrow the money in order to pay the GST. In the meantime, the other farmer is going through the same process to collect the money back from the government.

You think this is comical? Well, after you have gone through the process a few times, it is not comical any more. If you think that farmers and small businessmen do not resent this rebate system, then you are not listening to the right people and not listening in the right places.

There was an anticipation when this tax was brought in that the collection process would be onerous for hundreds of thousands of people. People were apprehensive about the amount they would be required to pay, given that the economy was in decline. It is not merely a mild resentment; it is a livid anger at a government that is sticking its nose into everyone's business for no reason.

[Senator Olson.]

The bureaucrats understand this process. I have had a little experience with bureaucracy. A politician's job includes keeping the bureaucrats in line. A politician should ask, "How will this affect the people of this country; how will they respond to any new law in this area?" If politicians do not do that, they are failing in their jobs as politicians.

The bureaucrats did not want to exempt anyone, or very few, from the GST. They would rather zero-rate farmers, because then they would have the records of all the transactions made, and this would make the collection of income tax easier and more complete. A great idea for the bureaucrats! A terrible inconvenience to all the people who must comply with that law! Do not forget that when a law passes through both Houses of Parliament, that law is forced on people. Individuals are forced to comply, and they do not like that. That is what is happening.

The Hon. the Speaker: Honourable senator, unless everyone agrees that you can finish your speech—

Senator Olson: I will not impose on honourable senators, unless they wish that I proceed to the next item. I will take only a few more minutes.

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

Hon. Senators: Agreed.

Senator Olson: The unemployment situation in Alberta is terrible. According to statistics, Alberta is better off than any province in the country, but the economic situation in Alberta is still bad. Calgary is supposed to be feeling the effects of the recession to a lesser degree than other major centres in the country. However, this is no longer a recession; it is a depression. I can walk around downtown Calgary and see first hand the consequences of this economic downturn. The food banks are running out of food in Calgary, just as they are in the rest of the country. The welfare payments have been cut back by this government in its transfer payments to the provinces. There is real deprivation in this country, unfortunately.

I hope the government will do something about this economic situation. The government has a few years remaining in its mandate. It has time to redeem itself, but if it does not exhibit concern for ordinary Canadians, if it does not stop catering to the multi-national corporations, as it has with the free trade agreement and the monetary policy, the government will get what it deserves in the next election.

Hon. Lowell Murray (Leader of the Government): Honourable senators, what I have to say can be said briefly. It is a question of putting a few facts on the record, as distinct from the twisted version of reality that we heard from the Honourable Senator Olson as to the state of the national economy.

Senator Olson: You will find out what people think about your facts.

Senator Murray: Honourable senators, the government has an economic plan. The economic plan is working.

Senator Thériault: Starvation for poor people.

Senator Murray: The targets set out in the budget of February 1991 are being achieved. The Honourable Senator Thériault talks about hardship and misery. I will give him hardship and misery in the 1980s with double-digit inflation, double-digit unemployment and double-digit interest rates. That is heartache and misery on the backs of those who can least afford it.

Senator Thériault: But there was confidence.

Senator Murray: The honourable senator was able to contain his indignation quite successfully during that period of time.

Senator Thériault: Our popularity never went down to 15 per cent.

Senator Olson: You mean everything that is happening to the people of this country has been deliberately designed?

Senator Murray: I do not wish to engage in rhetoric with the honourable senators. Let me put a few facts on the record so that they will be there in contradistinction to what the Honourable Senator Olson and the Honourable Senator Thériault have said.

Senator Thériault: Do not waste your time. No one believes you.

Senator Murray: I have a few facts to put on the record. The Honourable Senator Olson talks about jobs, employment and unemployment. I wish to remind him that employment has increased in six of the last eight months in this country, and that full-time employment increased by 108,000 in the last two months. These and other encouraging signs are evidence that the recovery is continuing.

Senator Olson: Why does no one in the country know it?

Senator Murray: The honourable senator knows, and not because I am telling him but because the facts are there, and the facts are released every month by Statistics Canada and from other objective sources that inflation has been going down dramatically.

Senator Olson: Because of the depression.

Senator Murray: The year-over-year increase in the Consumer Price Index was 4.4 per cent in October, down from 5.7 per cent in the second quarter of 1991. The six-month annualized rate of inflation was 1.3 per cent in October.

With the decline in inflation has come a decline in interest rates and a decline in the bank rate. The bank rate has declined by 102 basis points since the beginning of September. With the decline in inflation and the decline in interest rates has come an upsurge in confidence in this country.

Senator Olson: Which poll have you read?

Senator Murray: Let me give some examples: The Conference Board of Canada has just completed a survey of international forecasts and indicates that Canada will post the strongest growth of the G-7 economies in 1992. What is that but an objective source, the Conference Board stating that we will lead the entire industrialized world in economic growth next year? The Conference Board's own projection is that real growth in Canada will be 4.3 per cent in 1992.

In addition to that, I give you the Organization for Economic Cooperation and Development. That body has recently released a survey of Canada which says that the fiscal actions taken by the government and the inflation reduction targets taken by the government in cooperation with the Bank of Canada—the Honourable Senator Olson was throwing cold water on these only a few months ago.

Senator Olson: Only because of the suffering that came from these policies.

• (1640)

Senator Murray: The OECD states that these targets, together with continued efforts on structural reform, will leave Canada:

> Well placed to maintain its traditional role as one of the most prosperous and fastest growing economies in the OECD area."

The OECD expects the Canadian economy to expand by 3.5 per cent in 1992.

The International Monetary Fund predicts that the Canadian economy will grow by 3.8 per cent in 1992, the strongest growth amongst the G-7 countries. The IMF sees inflation in Canada falling by 2.8 per cent in 1992, second lowest to Japan among the G-7 countries.

There, honourable senators, are some forecasts and indications from reputable and objective sources about economic growth in Canada this year and next, in the short and medium term. The honourable senator never heard the like when he was a minister of the Crown; he would eat his heart out to hear such forecasts from reputable international think-tanks concerning Canada's economy.

Senator Olson: We never had the problems you have.

Senator Murray: All they ever heard was condemnation and lack of confidence on the part of the international community reflected in high interest rates, high unemployment and high inflation during their entire time in office, and certainly during their last mandate.

Honourable senators, I have pointed out the increases in employment, the decreases in the inflation rate and in interest rates, and the upsurge in confidence. I have just pointed to the evidence from the international forecasters as to what is happening in the Canadian economy. Let me now drive the point home for the honourable senator who spoke for Alberta, and about the situation in Alberta.

I spoke about confidence. In this calendar year, I want to give the honourable senator a couple of examples of the large investment plans that have been announced in his own province. In the field of petrochemicals, Nova Corporation has announced an investment of $690 million this year.

Senator Olson: They do that every year.

Senator Murray: They do it every year, do they?

How about Alberta-Pacific Forest Industries Ltd., the pulp and paper giant which announced an investment of $1.2 billion. Do they do that every year?

Senator Olson: No. They have to get it past the environmental people first.

Senator Murray: No, they do not do that every year. Why are they doing that if it is not because they are confident in the future of the Canadian economy and in the management of the Canadian and Alberta economies?

Senator Olson: We have a lot of good stuff out there.

Senator Murray: It is a good province with a good government, and you have a good country with a good government, too.

A rather smaller amount, but in the field of plastics, Toby Manufacturing Inc. in Alberta announced a $10 million investment this year.

Senator Olson: That is good, too.

Senator Murray: In the hotel area, Wesbild Enterprises Ltd. announced an $80 million investment this year. A world trade showcase announced for Edmonton, the Edmonton Northlands' World Trade Showcase, an investment of $31 million.

Those are a few examples of important investments announced in the course of this calendar year from my honourable friend's home province.

The honourable senator says that occasionally *en route* to Medicine Hat, he spends a night in Calgary. I invite him to spend another day in Calgary and to go to the sources of objective information and talk to the business community there about their plans. He will go to Medicine Hat a much happier man, and he will return to Ottawa a much happier man than he is today.

On motion of Senator Molgat, debate adjourned.

AGRICULTURE AND FORESTRY

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Efstathios William Barootes moved:

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

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 21, 1991

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

Prayers.

PRIVILEGE

ORAL NOTICE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I rise pursuant to Rule 44(7) which indicates the procedure to be followed consequent upon my having submitted to the Clerk earlier today an advice that I would raise a question of privilege.

Rule 44(7) states that I must rise at this time to give oral notice of the question of privilege:

> In doing so, the Senator shall indicate that he or she is prepared to move a motion either calling upon the Senate to take action in relation to the matter complained of or referring the matter to the Standing Committee on Privileges, Standing Rules and Orders.

I wish to advise the Senate that I propose to move a motion to refer the matter to Internal Economy, because that is where it belongs rather than in the Rules Committee. I am not sure what the problem is, and in my comments later I will speak about that. That is what I propose to do when the matter comes up later under the present rules.

[*Translation*]

CLERK'S ACCOUNTS

REVISED STATEMENT TABLED

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk of the Senate has laid on the Table a detailed revised statement of its revenues and expenditures for the fiscal year ending March 31, 1991.

[*English*]

REFERRED TO COMMITTEE

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved:

> THAT the Revised Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Tuesday next, 26th November, 1991, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. Jean-Marie Poitras: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*), I move:

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

[*English*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the matter of committees sitting during sessions is always a problem in the Senate. As a normal rule, we do not like it and I do not believe that the other side likes it any better than we do. However, Senator Poitras spoke to me in advance and indicated what the situation was. I understand that there is agreement between senators in the committee on both sides, and on that basis I am prepared to grant leave.

[*Translation*]

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

Some Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

AGRICULTURE

FARM SUPPORT AND ADJUSTMENT MEASURES—REQUEST FOR CLARIFICATION OF PAYMENT PHASES

Hon. H. A. Olson: Honourable senators, I received a press release from the Minister of Agriculture's office this morning, allegedly setting out the terms and conditions under which the

$800 million will be paid under the Farm Support Adjustment Measures, Phase I and Phase II. It really does not add a great deal to the information we had before.

Can the Leader of the Government in the Senate tell me what that means? If he cannot do so immediately, can he help me to find out what is meant? I had asked earlier if it was to be based on the acreages in the permit books. On page 2 of this press release, it says:

> In the grains sector, an acreage formula will be used as the basis for payments on the Prairies and in Atlantic Canada.

What does that mean? They do not have permit books for quota privileges in Atlantic Canada. I do not know whether or not it will be the same formula on the prairies and in Atlantic Canada. The press release says that the NISA database will be used in Ontario and British Columbia, and that the provincial stabilization program in Quebec will be the basis for distributing the funds.

Could the Leader of the Government help me obtain that information, because people want to know.

• (1410)

The second item to which I wish to refer is found on page 3 of the press release. It states:

> The $800-million second phase involving cash assistance is in addition to the initial $640-million FSAM package announced in April.

It goes on to state:

> The first phase of FSAM included incentives for producers to participate in NISA, GRIP premium reductions, cash advances and land use adjustment.

In other words, farmers did not receive any money; they just got incentives to pay their premiums for some of the programs that the government announced. That bears out exactly what I claimed yesterday. That is to say, there have not been any payments made at all. There has been some juggling on the government's books and it claims that it paid out $640 million for that.

Will the minister clarify some of these matters? What is contained in this news release really does not add much to the public knowledge.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know that I can help the honourable senator with the second part of his question, because it was not a question at all but a political comment which would be more appropriately—

Senator Olson: An informational comment.

Senator Murray: —made in debate.

With regard to the criteria for the prairie acreage payment, that is, seeded acreage, my information is that in developing the criteria, the main focus of the Third Line of Defence Committee was to ensure that payments are delivered quickly to producers. Seeded acreage was selected because the data had already been collected by the Canadian Wheat Board. These criteria will ensure that producers receive prompt payment. The first instalment will be based on seeded acreage.

The honourable senator refers to the situation in Atlantic Canada. I am informed that the initial and final payment will be delivered through the regional offices of the Agri-food Development Branch of the Department of Agriculture in each province. Application forms will be mailed directly to farmers in Nova Scotia and New Brunswick. In Prince Edward Island, the same database used to deliver the Special Income Assistance Program in 1990 will be used. I am informed that assistance will be paid out on the basis of seeded acreage, and the payment level will vary depending on the crops in Atlantic Canada.

Senator Olson: Honourable senators, it would be helpful if we could obtain a copy of that portion of the report of the Third Line of Defence Committee that defines the basis for the payment. Another dimension has been added to this situation in addition to what is in the news release. The minister now says that it applies to "seeded acreage". Seeded acreage is very much different from quota acreage in western Canada. That is why it is important to know the difference.

All of this could be cleared up if the minister would obtain a copy of the report of the Third Line of Defence Committee to the government recommending certain criteria or formulae for determining the eligibility for payment. If he could obtain that document, there might be some precision there that practical farmers on the lands would understand.

Senator Murray: Honourable senators, I will see what is available from my colleague, Mr. McKnight.

[*Translation*]

THE CONSTITUTION

REACTION OF PROVINCES TO FEDERAL GOVERNMENT PROPOSALS—QUALITY OF NEWS MEDIA COVERAGE—GOVERNMENT POSITION

Hon. Norbert Thériault: Honourable senators, I have two questions for the Leader of the Government in the Senate. Could he perhaps advise honourable senators and the public at large whether, in the course of the current discussions on proposals that have been made and put before the Joint Committee of the Senate and the House of Commons, the public can soon expect the federal government's ministers from Quebec to start defending the government's proposals in the province of Quebec?

Hon. Lowell Murray (Leader of the Government in the Senate): I don't understand exactly what the senator means. The proposals made by the government are intended to encourage debate among Canadians. The government has already said that once the parliamentary committee has submitted its report, the government will table final, more concrete and more formal proposals. For the time being, a number of proposals have been put forward as a basis for discussion. That is how most provinces and other parties have treated these proposals.

Senator Thériault: Honourable senators, the Leader of the Government may have had trouble understanding my question, but he had no trouble with his answer.

As usual, he evaded the issue. It is my understanding, and many Canadians seem to agree, that the proposals made by the government are, more or less, the government's position, subject of course to being amended or enhanced in some way or another. In any case, they are the government's proposals.

I wonder, and many of the people I talk to every day are wondering whether ministers from Quebec, like Benoît Bouchard and Marcel Masse, approve those proposals. Every time we read a newspaper or watch television, one of the ministers, especially Mr. Clark, is saying: "It is very serious. The country could be on the verge of breaking up". If that is true, doesn't the Leader of the Government in the Senate think it is high time the ministers from Quebec, who have been telling all and sundry for the past seven years that they are there to represent Quebec . . .

Doesn't he think it is high time those ministers decided once and for all whether they are really there to defend Quebec in Canada or outside Canada? Canadians, and not only French-speaking Canadians, are wondering about this. I am too, and I would appreciate an answer from the minister.

Senator Murray: Honourable senators, my hon. friend is not very well informed about the activities of my cabinet colleagues from Quebec. They support the proposals tabled by the government at the end of September and are aware the government is looking for suggestions on how these proposals could be improved.

I think, for instance, of my friend, Benoît Bouchard, who supported the government's proposals, not only in Quebec but across the country. Quite recently, on a trip with the Deputy Prime Minister, Mr. Mazankowski, in Alberta, Mr. Bouchard, Mr. Charest and other Quebec colleagues publicly expressed their support for the government's constitutional policy. That is quite clear.

• (1420)

Senator Thériault: Honourable senators, I am an avid reader of newspapers from Quebec. I listen daily to French television from Quebec, Radio-Canada, TVA and the other ànetworks.

It is true that the Prime Minister of Canada has repeatedly defended the Canadian government's position in Quebec. I personally thank him for doing that. The Prime Minister has done it often and vigorously and I am very happy about that.

It is also true that I read in the papers about a meeting of a few Conservatives from the Lac Saint-Jean region and some Conservatives from the riding of the Minister of Finance in Alberta. That is fine and I do not object.

Senator Simard: I am glad that you approve!

Senator Thériault: I can tell you that we hear less about Benoît Bouchard and Mr. Masse than we hear about Mr. Charest. It is very clear that Mr. Charest defends the government's position. He does not do it as vigorously as he should, in my opinion, but he does it. There are a number of ministers, including Messrs. Bouchard, Masse, Corbeil, Loiselle and so on, but week after week, I have not read anything really about these people defending Canada's position and the Canadian government's proposals in their province.

It would be good if they did, not only to sell the government's proposals to Quebec, but also to show Anglophones outside that province that the ministers from Quebec in that government support the Canadian proposals, rightly or wrongly.

In 1980, during the last referendum, we saw the Canadian government's ministers, day after day, (even Mr. Mulroney who was not the Prime Minister) and other Quebecers, defend Canada's position. Thanks to this concerted effort, federalism prevailed during the referendum.

Right now, there does not seem to be that kind of support for Canada, for this country, among the majority of Francophone ministers from Quebec. I urge the leader of the Government in the Senate to ask his chief to give concrete orders—

Senator Simard: Order!

Senator Thériault: —to his Quebec ministers and to all the other ministers to start defending this country, if they truly believe in it. Let us stop once and for all telling Canadians that the country is on the verge of breaking up. Because, as you know, prophecies of doom are often self-fulfilling.

Let us do something concrete, something positive and stop being as negative as we have been so far.

Senator Murray: Honourable senators, my friend is a victim of the deficiencies in the media coverage. Beware of the media!

In any case, I am not responsible for the deficiencies in the media coverage. My friend goes by what he sees or does not see in the media. I am not responsible for that.

All I am saying is that my colleagues, starting with the Prime Mnister and Ministers Charest and Benoît Bouchard, to name but a few, are very active in supporting the government's constitutional proposals in Quebec and elsewhere.

Hon. Senators: Very good!

Senator Thériault: That is not enough!

[*English*]

ANSWERS TO ORDER PAPER QUESTIONS TABLED

THE HONOURABLE JACQUES FLYNN—EMPLOYMENT WITH GOVERNMENT SINCE RETIREMENT FROM SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 10 on the Order Paper—by Senator Corbin.

WAR VETERANS ALLOWANCE—ELIGIBLE RESIDENTS OF FOREIGN COUNTRIES

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 18 on the Order Paper—by Senator Marshall.

CROWN CORPORATIONS DISSOLUTION OR TRANSFER AUTHORIZATION BILL

THIRD READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Eyton, seconded by the Honourable Senator DeWare, for the third reading of Bill C-8, An Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I thank the Senate for having allowed me to put this matter over for two days. The reason I did so is really the subject of the question of privilege which I will raise later and has to do with getting transcripts from committees. I will not deal with that issue now, but this transcript is what I have been able to obtain to date, and only after considerable effort. So it was with some difficulty that I was able to prepare myself for my comments.

When this matter came up for second reading, I indicated some of our concerns on the matter of privatization. It is not that we are simply opposed to privatization if it is required, but we do not believe that, in and of itself, privatization is a good thing.

I have the impression that it is a fetish of the government of the day that we must privatize. I think, rather, that we should look at each issue and if privatization is sensible and the right course, then yes, let us do it.

The other concern that I indicated then was that if any corporation was privatized, we had to ensure that the public interest was protected. I mentioned then the privatization, for example, of Route Canada, which really was a very badly-handled privatization. It is one that everyone suffered from. The Canadian public suffered because we should have received more money from the company that was privatized. The workers suffered most because they ended up without jobs. So we have to look at these things very carefully.

• (1430)

Senator LeBlanc: It is a ripoff.

Senator Molgat: Unfortunately, I could not attend when the committee held some of its meetings, but some of my questions have at least been answered. A number of these companies simply have no reason to exist anymore and are being wound up, and others are being transferred to other government departments, and it is indicated which ones are involved. I still have some concerns about the Toronto corporation because a fair amount of lands and buildings are being transferred to developers. Some of the land has not been built upon and it will go to developers. I want to be sure that the public interest is protected here, that the land will not be transferred by some deal that is not open, and that whatever system is used, such as tendering, is open.

I want to deal particularly with the Vancouver corporation. There was an interesting exchange in the committee. I will read some of it into the record because I think it is important. I presume that no honourable senators have had an opportunity to look at these transcripts unless he or she made a particular request to get them. I want to refer to what was said at that committee meeting by Senator Carney, who is certainly familiar with the situation because she is from the province of British Columbia. The witness was Mr. McDermid, Minister of State (Finance and Privatization). Senator Carney said this:

> Mr. Minister, let me, for the benefit of my colleagues, just remind them that Canada Harbour Place Corporation is the building with the sails. It has become the landmark building in Vancouver. It is the one on the waterfront with the wonderful teflon sails. It was Canada's gift to Expo, Canada's gift to Vancouver for Expo '86. It basically comprises the cruiseship terminal and the convention centre. It is a very successful building. Under this legislation, of course, the crown corporation that operates it would be for sale or shut down.

Then she said:

> —there is a concern that the fate of this corporation could affect its ability to be the federal presence.

I think Senator Carney's point is proper, that this building is indeed the federal presence in Vancouver, there for all to see as a federal building and a magnificent one. She goes on to say:

> If it is going to be absorbed by another agency, what is that agency? There are two suggestions. One is DPW and that is not encouraged because DPW is not the most efficient way to do that.
>
> I should point out, this is a self-sufficient agency. It does not weigh on public money. Its major revenues are parking revenues and leases.

She goes on:

> There is also a suggestion that it should be absorbed by the port, but the problem with having the port absorb it is the port's business is running the port. Its business is not being the federal presence.

Then I skip again and Senator Carney finishes:

> The two questions are, who would absorb it and how would you ensure that the federal presence remains in a city which really has very little federal presence of any sort?

I think Senator Carney made a valid point there, and I share her concern. I would have expected the minister to say, "Well, we have a better plan. We are all set, and we know what we will do, and we will ensure there is a federal presence in Vancouver. We have a better way of doing it than is being done now." That, however, is not what the minister said. The minister said he has no plan. He does not know where it will go. He does not know who will be in charge.

• (1440)

Let me quote the minister. He is answering Senator Carney. He says:

> Let me answer your questions this way: I understand there is some controversy on this and that there are ongoing discussions. The points that you raise are being raised by others. No conclusion has been reached as to which federal entity they should go to. That debate is going on.

Later, Mr. McDermid says:

> What this bill does is permit the department to do something with the crown corporation. Again, it has not been decided what or when, but those discussions are ongoing.

Honourable senators, we are being asked to pass legislation that does not make sense. For the others, I believe the minister made a case, but for Vancouver, he makes no case. He admits to Senator Carney and to the committee that there is a problem. I do not think he denied the need for the federal presence. He accepted it, but he has no plan. He does not know who will take over.

Why are we passing the legislation with this particular corporation in it? The logic would be to pass it with the other elements, but not to include this one until the minister can come to us with a plan. I do not think it is reasonable for the minister to come to us, as representatives of the Canadian people, and say, "Give me the chance to privatize this, but I do not know what I will do about it. For those reasons, honourable senators, I wish to move an amendment.

MOTION IN AMENDMENT

Honourable senators, I move:

That Bill C-8 be amended

(a) by deleting sections 2, 3, 4, 5, and 6;

(b) by striking out lines 8 and 9 at page 11 and substituting the following therefor:

"47. Sections 8 and 9, subsections 10(1) and(2),".

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

Hon. Pat Carney: Mr. Speaker, before proceeding, I wonder if Senator Molgat would take a question on this matter?

Senator Molgat: Certainly. By all means.

Senator Carney: I am at a loss because I do not know the details of the motion you are proposing. Could you elaborate on what your alternative plan would be? I am pleased that you have such a high regard for this institution, which I think serves a nonpartisan purpose in that it was initiated under one administration and completed under another. I am pleased that you share my concern about what happens with Canada Harbour Place. It may be that this was simply a bureaucratic decision taken without full realization of its implications, but would you explain or elaborate what your alternative vision is?

Senator Molgat: My amendment simply deletes from the bill any reference to the Vancouver Canada Harbour Place. The bill will then stand on the basis of the other corporations in the bill where the minister made a satisfactory explanation, although there were questions. Honourable Senator De Bané raised interesting questions as to the disposition of the land and whether it should revert, in the case of Toronto, to Toronto. This, however, would be removed. So we would not deal with Canada Harbour Place at this time.

We would then wait for the minister to produce his plan. At the moment, he is asking us to pass something where he, himself, says he has no plan. I cannot tell you what the plan is, Senator Carney. I wish I could. I would think that you, from Vancouver, would have better ideas than I. In your comments, however, you indicated there were serious concerns from the board as to its continuation; there was serious concern by the staff of Canada Harbour Place, who were in limbo. Rather than have that situation continue, we should say "Let us not deal with that one." The staff will know they are in place and will continue. When the minister has a plan, we will deal with it.

Senator Carney: Honourable senator, do I understand that the effect of your proposal would be to maintain the status quo at this time?

Senator Molgat: That is right.

Senator Carney: You do not have a particular alternative to propose in terms of what might be done with this facility? As I outlined in committee, the problem is that they have not found an alternative way to deal with it. You are not dealing with that. You are saying that by making these deletions, the facility would stay under the status quo?

Senator Molgat: That is correct. As a matter of fact, I gathered that was your proposal at the committee. I would have to go back and get the exact quote, but you expressed concern for the staff being in this uncertain position. You expressed concern for the board. I gather you said it was an efficient corporation now and with all that it was doing to ensure presence—such as annual First of July activities, fireworks—that it was doing its job. Therefore, it was doing a proper job in being the federal presence. The employees were happy, the people of Vancouver were happy, and it did not cost any money. It was self-supporting. With all those points, I do not know why we would change it. The sensible thing to do is to leave it run as it is.

Hon. M. Lorne Bonnell: If it is not broken, don't fix it.

Senator Carney: I support much of what you say, but I want to point out that I was not expressing support for the status quo in the quotes you read into the record. I was merely asking the minister what his alternative plan was. I knew, or perceived, that they did not have an alternative plan. I do not want you to read into my remarks a preference for the status quo. In my remarks in committee, my point was to draw from the minister some idea of what he would do with this magnificent building in the heart of Vancouver.

Senator Molgat: I was not at the meeting, unfortunately. In reading the text, I had the feeling that you felt the status quo was satisfactory because it was doing its job. The fact is that the minister certainly did not present any alternatives. He

simply said, "I do not have any. It is not settled. My suggestion is to leave it as it is if it is working." If it turns out that it is not, and the minister has a better idea, we will look at it at that time.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion in amendment?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

Some Hon. Senators: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the Senators.

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

Honourable senators, it was moved by Senator Eyton, seconded by Senator DeWare, that Bill C-8 be read the third time.

In amendment, it was moved by Senator Molgat, seconded by Senator Gigantès, that Bill C-8 be amended

(a) by deleting sections 2, 3, 4, 5, and 6;

(b) by striking out lines 8 and 9 at page 11 and substituting the following therefor:

"47. Sections 8 and 9, subsections 10(1) and (2),".

● (1540)

Motion in amendment negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams,	Leblanc (*Saurel*),
Bonnell,	Lefebvre,
Corbin,	MacEachen,
De Bané,	Marchand,
Gigantès,	Molgat,
Graham,	Olson,
Haidasz,	Petten,
Hays,	Rizzuto,
Hébert,	Stewart,
Kenny,	Thériault,
Kirby,	Watt,
LeBlanc (*Beauséjour*),	Wood—24.

NAYS

THE HONOURABLE SENATORS

Atkins,	Keon,
Balfour,	Kinsella,
Barootes,	Lavoie-Roux,
Beaudoin,	Lynch-Staunton,
Bélisle,	Meighen,
Berntson,	Murray,
Bolduc,	Oliver,
Buchanan,	Poitras,
Chaput-Rolland,	Robertson,
Cochrane,	Ross,
Cogger,	Rossiter,
Comeau,	Simard,
Di Nino,	Spivak,
Doyle,	Sylvain,
Forrestall,	Teed,
Grimard,	Tremblay—33.
Kelly,	

ABSTENTIONS

THE HONOURABLE SENATORS

Carney,	Macquarrie—3.
MacDonald (*Halifax*),	

[Senator Molgat.]

[*English*]

The Hon. the Speaker: I declare the motion in amendment lost.

Hon. Pat Carney: Honourable senators, I wish to record that I abstained on the ground that I am paired with Senator Ray Perrault, who is in Vancouver for medical reasons.

Hon. Heath Macquarrie: Honourable senators, I abstained because I had not had time to study the issue.

THIRD READING

The Hon. the Speaker: Honourable senators, the question is now on the main motion. Is it your pleasure to adopt the motion?

Some Hon. Senators: Agreed.

Senator Molgat: On division.

Motion agreed to and bill read third time and passed, on division.

● (1550)

CRIMINAL CODE
CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Eric Berntson moved the second reading of Bill C-17, to amend the Criminal Code and the Customs Tariff in consequence thereof.

He said: Honourable senators, I welcome this opportunity to outline for all honourable senators some of the elements of the government's bill to amend the gun control provisions of the Criminal Code.

As my honourable colleagues will be aware, the government has proposed a bill that contains a number of amendments to Part III of the Criminal Code dealing with firearms and other weapons. Some of these are intended to address concerns about the impact of firearms on public safety. Others are of a more technical nature, making adjustments to the law for clarification or to make administration easier. Many of these changes also respond to administrative concerns that have been raised since the law was last amended in 1979.

Honourable senators, this legislation is the end product of a long process of development. It was first introduced as Bill C-80 by the Minister of Justice on June 26, 1990. Gun control is important to a great many Canadians, and the process of developing this bill has allowed views to be expressed on all sides of the issue. It has emerged as a serious concern, not only for those Canadians who own and use firearms in the course of their daily lives, but for many others as well. Representatives of Canadian municipalities, women's groups, aboriginal groups, firearms owners, victims of crime and many other individuals and organizations have all made significant contributions to this legislation.

All of the evidence suggests that the current legislation has been effective in reducing the number of deaths and injuries from firearms in Canada since it was enacted in 1978. There is still some room for improvement, however. The measures contained in this bill will effectively combine with the existing law and address the very real concerns of all Canadians about public safety and the place of firearms in our society.

The legislation will make significant improvements to several key areas of the existing gun control system. First, it will enhance the present system for prescreening those who want to acquire a firearm by attaching new requirements to the firearms acquisition certificate. It will improve safety by setting uniform national safety screening programs for those who apply for the acquisition certificate. It will reduce the access of all Canadians to certain types of high-firepower weapons that are not intended for sporting purposes, but for military purposes. It will improve the deterrence element of the legislation by increasing the sentences for some offenses. It will improve the prevention of some offenses by increasing the application of court prohibition orders and by encouraging the courts to use them more often, especially in situations involving domestic violence.

The purpose of the firearms acquisition certificate is to keep firearms out of the hands of these who should not have them, or who might use them for criminal purposes, by requiring a basic screening process before the certificate can be issued.

Honourable senators, this legislation will make several important changes to that screening procession. It will require applicants to wait at least 28 days before a certificate can be issued, and to provide the names of two references who the police can contact to verify the identity and the information provided by the applicant. It will require the new FAC form to carry a photograph of the holder to prevent use by unauthorized persons. It will also raise the minimum age for FAC applicants from 16 to 18 years.

Persons between 12 and 18 years will still be allowed to use firearms either under the direct supervision of an adult or under conditions of supervision specified on a minors' permit. This will allow them to use firearms but not to acquire them without parental consent.

One key element of the screening process will be a requirement that applicants must pass a course or test in firearm safety. This will help to screen out unfit applicants. But more importantly, it will eventually ensure that everyone who acquires a gun will have had some instruction on how to use and store it safely.

Many provinces already require those who apply for a hunting license to pass a basic safety course. Existing provisions of the Criminal Code requiring all FAC applicants to pass such a course will be proclaimed in force as soon as the course programs are ready. The use of safety courses for provincial hunting licences over the past ten years has clearly shown their benefits in reducing firearms deaths and injuries.

The new FAC courses will be implemented jointly with the provinces to ensure that the federal and provincial programs are effectively integrated. The new legislation also enables the government to make general regulations dealing with safe storage, and it will require that these regulations be effectively incorporated into the new courses.

The legislation also has elements that will reduce the accidental misuse of guns and encourage responsible ownership and use by all Canadians. Most important of these is the power that will allow specific safe storage standards to be set by regulation. This will allow each individual gun owner to determine what standards are required for his firearms in his situation. It will also help to address concerns under the Charter of Rights that have been raised in the courts.

Honourable senators, there are some types of firearms that simply should not be in the hands of private citizens, however carefully screened they have been. There are others which have legitimate uses for some, but for which the public interest requires additional screening. The existing law recognizes this by designating some weapons as prohibited weapons and others as restricted weapons. This bill will make several important changes to the law in this area. These are intended to

place effective limits on certain types of high fire-power or military-type firearms.

The past decade has seen a proliferation of these guns around the world. There have been many incidents where they have been used to commit serious crimes. On December 6, 1989, Marc Lepine used a rifle with two 30-shot magazines to shoot 28 people in only a few minutes. 15 of these people, including Mr. Lepine himself, were killed. Since that time, incidents of mass murder have also taken place in the United States, New Zealand and many parts of the world.

During the development of this legislation, the Federation of Canadian Municipalities unanimously endorsed a resolution calling for the prohibition of military and paramilitary weapons, and the Minister of Justice received some 100 municipal resolutions and petitions demanding the same thing.

Following the Montreal shooting tragedy, representatives of the École Polytechnique collected almost 600 thousand signatures on a petition calling for the prohibition of such firearms. I am sure that all members of this house will share the concerns of those who signed that petition that effective action must be taken against high fire-power guns in Canada.

This legislation, honourable senators, will allow the government of Canada to take effective action against these guns. It will supplement existing powers to prohibit or restrict non-sporting firearms by allowing the government to set limits on the capacity of cartridge magazines. These limits will be used to control the firepower of guns that have some legitimate sporting applications without prohibiting the guns themselves.

● (1600)

The legislation will also specifically designate fully-automatic firearms that have been converted to semi-automatics to be prohibited weapons. These firearms have been a source of growing concern, particularly over the past decade. They pose a high risk to public safety, and have little or no use for legitimate sporting activities.

The prohibition is accompanied by a provision that would permit genuine gun collectors who already have these weapons to keep them, subject to strict limits on transfers. The RCMP will create a special registration category to track these guns and ensure that they are subject to effective controls.

The effect of these measures will be to place a ceiling on the number of these weapons and their owners in Canada. Eventually, as owners dispose of their guns, this number will be reduced and the guns taken out of circulation. Dealing effectively with these firearms will respond to the concerns of Canadians that firearms which are exclusively designed for warfare have no socially acceptable purpose in this country.

Honourable senators, another key element of the existing gun control system is a series of provisions which are intended to deter the misuse of firearms, and to punish those who are not deterred. During the development of this legislation, many Canadians expressed concerns about deterrence.

Members of Canada's law-abiding, responsible firearms community were particularly concerned that responsible citizens are being asked to pay the price of maintaining public safety while criminals go unpunished. They are concerned that too much emphasis is placed on crime prevention and not enough on deterrence or punishment.

Many of the present Criminal Code measures provide for adequate deterrence and punishment, but the legislation contains elements that are intended to improve the overall deterrence package. The maximum sentences for some offences, such as importing or possessing prohibited weapons, are increased from five to 10 years. There are also several provisions intended to increase the length of firearm prohibition orders and to encourage the courts to use them more often, especially in situations involving domestic violence. Many Canadians are concerned about domestic violence, and the tragic consequences that all too often result when firearms are involved.

The legislation will encourage police agencies to conduct "community checks" before issuing an FAC. Investigators may interview spouses, family members, or social agencies if there are any doubts about whether allowing the applicant to obtain a firearm would endanger safety.

Where violent incidents have occurred, courts will also be required to consider firearms prohibition orders before releasing an accused person on bail, or when considering a "peace bond" application. This should help to remove firearms from dangerous situations before a tragedy can occur.

The government has also stated its intention to make every effort to inform Canadians about the changes in the law and how they will be affected by them. Steps will be taken to make this information as available as possible, especially to firearms owners and users. Communications, public legal education and information packages will be assembled and disseminated over the coming months, leading up to the implementation of these new measures.

A general firearms amnesty program is also being developed that would coincide with the proclamation of the new measures. This would be intended to encourage Canadians to dispose of unwanted guns safely, to register handguns and other restricted firearms, and to allow those who have guns who may be affected by the new changes to clarify their status without fear of prosecution.

The amendments will also allow the setting of future FAC fees by regulation. The government does not believe that high costs should be used to deter legitimate gun owners, but it is committed to maintaining cost recovery in the future, and this will permit further adjustments without amending the Criminal Code.

Honourable senators, the Government of Canada has an obligation to develop and maintain a gun control system that will be as effective as possible in preserving and maintaining adequate levels of public safety for all Canadians. Canadians from all walks of life have come forward and made their views clear: They want strong and effective gun control, and they want it now. The system must also be as efficient as possible for those who administer it and for those who are affected by it, but the first obligation must always be to public safety.

This legislation has been developed with those priorities in mind. It will make the overall gun control system more efficient and less costly for the Government of Canada to operate. Most important, however, it will increase the protection of all Canadians from the tragic consequences of criminal or accidental misuse of firearms, and I urge all honourable senators to give it strong and unequivocal support, the type of support that I believe this bill deserves.

Hon. Jack Marshall: May I ask Senator Berntson a question? It has to do with the restriction on page 10, clause 93, having to do with persons under the age of 18 years. This would affect 60,000 cadets in the cadet league of Canada who, as part of their training since time immemorial, have been using and training with weapons under the supervision of the regular forces of Canada.

I wonder if the honourable senator could comment on whether that was taken into consideration when the bill was drafted, or when he received his briefing on the bill?

Senator Berntson: Honourable senators, when I was briefed on the bill, that question was raised and I will give you my understanding of what I believe the bill contains there.

Remember, of course, that the Minister of Justice and expert witnesses will appear before the committee, and any questions that may come up relative to this, I would be very happy to see that answers are brought in for them.

My understanding is that in military applications there is no change; the military cadets operating in the military environment will operate as they have under previous legislation.

• (1610)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I would like to ask a further question. Will that include the firing of automatic weapons insofar as the cadets are concerned?

Senator Berntson: It is my understanding that in the military environment cadets will be under supervision, of course. It is my understanding that there is nothing in this bill that will change anything in the military environment, and the cadets are obviously in a military environment.

Hon. H.A. Olson: Honourable senators, I will be very brief on this.

Senator Lynch-Staunton: I heard the word "brief".

Senator Olson: I did not hear that comment. Was it provocative?

Senator Lynch-Staunton: I heard the word "brief".

Senator Olson: I intend to be brief, according to my standards, of course.

I want to agree with Senator Berntson that there is a need in Canada to remove a lot of military weapons and that sort of thing that have found their way into our country. Perhaps some of them came from our manufacturers, I do not know, but a number of them come from all over the world. People claim that these things are collectors' items. I do not buy that at all. I think they might be fascinated by the machinery that is in these automatic weapons, these high-powered military attack rifles. The AK-47 is the Russian version and there are several others that are made in other parts of the world.

I think these firearms should be restricted completely. I do not think anyone can make a valid case that these have any place in our society at all. One thing is certain, and that is that all the sporting fish and game laws in every province prohibit the use of them for sporting purposes in any event, and what else can they be used for? Therefore I agree with that provision.

However, I am a little bit concerned about the proposed regulations respecting some of the controls on other high-powered firearms. For example, in the explanation I have of the clauses in the bill, under proposed regulations it says that regulations will specify types and limits. Below that, it says that there will probably be a limit of ten shots in the magazine for semi-automatic handguns. Why? Who needs a ten-shot magazine in a semi-automatic handgun? I do not see any purpose for that. I know some people go to shooting ranges and that sort of thing but they do not need to be able to automatically or semi-automatically repeat ten times. They can load these things in such a way that some other action is needed to fire the ensuing shots.

Honourable senators, ten-shot semi-automatic handguns are potentially a very dangerous weapon in the hands of some people. Some of the tragic cases that we have had in the past could have been achieved, with regard to the mechanics, with that kind of a weapon. The government also intends to allow five shots in all centre-fire semi-automatic rifles and shotguns. As far as I know, there is not one province that has a sporting rifle or shotgun regulation that allows more than three. If you are caught out in the field with a magazine that will hold more than three shots, one in the chamber and two in the magazine, you have committed an offence and most of the time you are charged with carrying a weapon that is illegal for sporting purposes. I do not think that we need to have more than that. Again, it becomes a very dangerous type of firearm if it carries up to five shots which, as I said, is beyond what is allowed for sporting purposes in any event.

I said I would be brief. I think that the proposed limits on some of the types of weapons under the proposed regulations are beyond what anyone can claim is legitimate because the kinds of weapons that they are proposing to make legal are, in my opinion, very, very dangerous weapons and they should be restricted at least to the limit that the sporting authorities in the provinces allow.

On motion of Senator Molgat, debate adjourned.

THE SENATE

COMMITEE PROCEEDINGS—QUESTION OF PRIVILEGE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): In accordance with the rules, this is the time for me to proceed with my question on a breach of privilege. I want to make it clear that this is not a breach of personal privileges; it is the privileges of the Senate that concern me in this regard.

I think we have a serious problem in providing to the Senate the documents that it requires. We had an example earlier today, when I was speaking on Bill C-8. Because I had pushed to get the transcript, I was able to get the raw material, which other senators could have had, had they been particularly desirous of having it, but they would have had to ask for it. The printed material was not available.

This presents a problem for the Senate in dealing with its affairs. The transcript of the committee dealing with Bill C-8 is not the only one; there have been recurring instances of this problem in the last while.

Let me give you some examples. The Standing Committee on Agriculture and Forestry met on the 23rd of October to examine Bill C-23. The proceedings of that committee were not available in official printed form until November 19. The Standing Committee on National Finance met on October 24 and October 30 to examine the Main Estimates. Those proceedings were not available until November 19. The Standing Committee on Transport and Communications met on October 22 to examine Bill C-11. We actually gave third reading to that legislation on Tuesday of this week, November 19. Yet the printed record of that meeting did not arrive, in my office at least, until yesterday, November 20, a full month after the meeting was held. In the case of Bill C-8, to which I have referred, I believe the meeting was held on the 24th of October and we are still waiting for the report.

Those are some of the recent examples. I have to admit that this is not an absolutely new problem, but I think the problem right now has been aggravated. In fairness, the problem has been around for some time, because I have here a transcript of the *Debates of the Senate* of October 22, 1903. Mr. Young was speaking at that time and he said:

● (1620)

> There is another matter in connection with this to which I should like to call attention, and it is the fact that the official reports of our debates are somewhat behind in the issue of the days sittings. We are practically about a week behind in the printing of the reports.

So they were not as bad off in 1903 as we are now. We are running a month behind. He points out one other thing: He is referring to the debates in the other place, and he says:

> Older members may have a reasonable explanation, but if the debates are got out so promptly in one Chamber why is it they are not distributed more quickly here?

The question is a serious one. Senators cannot attend every committee. It is impossible. Yet senators are asked here in the Senate sometimes to voice an opinion, to vote on an issue where you have been unable to find out what was said in committee because you do not have the committee reports before you or the transcripts. I think it is an unreasonable way in which to proceed. Senators should have access to all the information when they are asked to vote on an issue.

I do not particularly like to use the other place as a source for our rules. I think we should have our own rules, but we should perhaps have a look at what they have done over there on this matter. I am referring now to *House of Commons Debates*, 1983 March 17. Mr. Lambert is speaking. He is objecting on a point of order with regard to a report dealing with Bill C-143.

> —I would ask whether it includes a transcript of all evidence taken by the Committee to date. There is no way that the House can accept a report which is deficient in the evidence that was taken. Otherwise the report is meaningless. Amendments in the House must be based upon evidence. Unless it is included in this package, it is out of order for the Vice-Chairman of the Committee to file that report.

Madam Speaker Sauvé responded and said that in her view there was no objection to receiving the report of a committee, but she concurred in the idea that the House should not proceed with action on the report of the committee until all the evidence was in. I think that that is what we have to be looking at here. I do not know what the problem is. I do not know if it is a staff problem, that we do not have enough people to do the work. I do not know if it is a mechanical problem in the printing. All I know is that there is a problem, and the Senate has to do something about it.

As I said earlier, the rules indicate that I should refer this matter to the Committee on Privileges, Standing Rules and Orders but it seems to me—and perhaps the Deputy Leader of the Government can advise me in this regard—that if it is a mechanical problem then we should refer it to the Internal Economy Committee and ask them to find out what the problem is and take whatever steps are required to correct it.

QUESTION OF PRIVILEGE REFERRED TO STANDING COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we may also want to ask the Rules Committee to establish a rule to the effect that we will not proceed with third reading on any bill unless we do, in fact, have the complete record of the committee proceedings on the matter. So, unless the Deputy Leader of the Government has another proposal, I would move:

> That the question of privilege which I have raised be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I think the point is very well taken. Every senator, no matter how long he has been in this chamber, has suffered from the problems that have been so well expressed by the Deputy Leader of the Opposition, whether it is a translation delay, a printing delay or human factors. This issue was discussed in the Internal Economy Committee meeting of no later than this morning. I certainly agree that Senator Molgat's representations should be addressed to that committee and given full airing.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I wish to second the motion of Senator Molgat, and as Senator Lynch-

Staunton just said, we discussed the matter this morning at the Internal Economy meeting, but the matter is far from settled. We agreed, as suggested by the Chair, to get back to this question at a subsequent meeting of the committee, and I hope this will happen fairly quickly, since there are a number of other important matters that require the immediate attention of the Internal Economy Committee.

I said we should get back to this as soon as possible, because it is one of the complaints we seem to be making quite regularly, on an annual and now even on a quarterly basis, especially regarding the quality of the translation of our documents.

This morning, when we were leaving the meeting, an official of the Department of the Secretary of State who had heard our comments told me it seemed the main problem was that the translation was now being done by freelance translators. These are translators from the private sector who work on contract. They are not in-house translators. These are not people who are familiar with the way the Senate operates, who are familiar with our rules, who understand the nuances of the terms we use here, and there are many more considerations of this kind. It is not a straightforward translation problem. The problem is that we are getting the service from the private sector, from people who don't know what we are talking about most of the time, and the result is that the translations seem to have no connection with the comments or speeches made on the floor, as Senator Lynch-Staunton pointed out.

I have raised this matter before from my seat here in the Senate, and I have done so several times in committee. Some of our colleagues who are now retired, and I am thinking of Senator Joseph Guay and Senator Jean Lemoyne, often complained bitterly about the poor quality of the translation.

It seems our comments are not being taken seriously. I would even say that these issues, which are raised not by our English-speaking colleagues but by those of us in this institution who speak French, are being blithely ignored. No one is doing anything about a situation that has been going on month after month and year after year. We are sick and tired of this attitude, and if that is what it takes, and I am not resorting to threats, but if it means we have to resort to methods that may not be very pleasant to get the attention of those in charge, so be it. I am just warning you. We are not indifferent, we do care, and we are sick and tired of being treated like this.

[*English*]

Senator Kinsella: Honourable senators, I would like to make a few observations of my own in support of what I consider to be a very important matter that the Deputy Leader of the Opposition has brought before this chamber. Clearly, the point was well made by Senator Molgat that if we are called upon to deal with a piece of legislation at third reading, and if we are not a member of the committee that studied that bill, it is impossible to know the rationale or, most importantly, the views of the witnesses, Canadians who have been called before the committee.

There is an old medieval dictum that says *nihil est in intellectus quod non prius fuerat in sensu*, which means nothing can be in the intellect which was first not in the senses. Therefore if we do not get to see or read the deliberations in committee, we can hardly give serious consideration and reflection to the matter. In principle alone, I am glad this matter has been raised.

• (1630)

I also wish to raise the issue of the National Finance Committee this morning. We found ourselves in the situation of not having simultaneous translation. The problem was indicated to be that the translators were serving another committee that went on longer than anticipated. We had witnesses. Either we dealt with them, or we dealt with them with the consent of senators present to speak in one of the official languages only.

I do not know what the management difficulties are, but this issue cannot be allowed to continue. Management issues no doubt have some budgetary considerations attached to them. I support the matter that has been raised.

Senator Molgat: Honourable senators, I thank my colleagues very much for the support they have expressed for this motion. It is a nonpartisan question and relates simply to the proper functioning of the Senate.

I wish to point out that the Senate has not been sitting regularly, and the committees have only been meeting sporadically. It is strange that we should have this problem of getting material printed when there has not been much going on. This is an urgent matter that must be looked at and corrected for the good of the Senate and the proper functioning of our institution.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, could I ask a question to Senator Molgat? What you are asking for, is it the translation of the entire proceedings of the committees or just the report? Since reports give the substance of the debate, we should be glad to get those at least.

Senator Molgat: Honourable senators, what I want, is a copy of everything that was said in committee. We cannot attend all committee meetings, that is impossible. We hear witnesses, like Mr. Goldbloom who was before the Committee on Transport this morning. He put forward some very clear ideas concerning the issue of official languages, of how the official languages are related to a particular bill.

It is important for all senators to know exactly what Mr. Goldbloom had to say. If you did not attend that meeting, there is no way you can know what was said. To be able to make a final decision here, we need a complete report of the proceedings of committees. If that is not the case, senators cannot be kept informed. It is all very well to say the chairman of the committee will make a report, or a speech, but he cannot give us every detail of what was said. It is crucial to have a copy of the proceedings themselves of the committee, a copy of the minutes.

[*English*]

The Hon. the Speaker: Honourable senators, I sense that there is full agreement, so I will not rule on the point of privilege.

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

Hon. Senators: Agreed.

Motion agreed to.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

TWENTY-FIRST CONFERENCE OF THE CARIBBEAN, THE AMERICAS AND THE ATLANTIC REGION IN PORT OF SPAIN, TRINIDAD AND TOBAGO—DEBATE ADJOURNED

Hon. Heath Macquarrie rose pursuant to notice of Thursday, June 13, 1991:

> That he will call the attention of the Senate to the Twenty-first Conference of the Caribbean, the Americas and the Atlantic Region of the Commonwealth Parliamentary Association held at Port of Spain, Trinidad and Tobago, 12th to 18th May, 1991.

He said: Honourable senators, I am extremely interested in the Commonwealth Parliamentary Association and even more so in the Commonwealth Caribbean, but one of my friends and colleagues is also interested in taking part in the debate on this Inquiry, and I would, therefore, ask to adjourn the debate.

On motion of Senator Macquarrie, debate adjourned.

IMMIGRATION

REFUGEE DETERMINATION—LANDED IMMIGRANT STATUS—GOVERNMENT POLICY—INQUIRY WITHDRAWN

On Inquiry No. 8:

> That he will call the attention of the Senate to the apparent contradictions in the policy of the government wherein certain refugees enter Canada and receive landed immigrant status while others are denied the privilege.

Hon. Jack Marshall: I wish to receive unanimous consent to remove this Inquiry from the Order Paper. I have the answers and I do not think there is any need to pursue it further.

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

Hon. Senators: Agreed.

Inquiry withdrawn.

FOREIGN AFFAIRS

PROPOSED CANADIAN AID TO SOVIET UNION AND CURRENT CONSTITUENT REPUBLICS—DEBATE ADJOURNED

Hon. H.A. Olson rose pursuant to notice of Tuesday, September 17, 1991:

> That he will call the attention of the Senate to proposed Canadian aid to the Soviet Union and its current constituent Republics.

[Senator Molgat.]

He said: I suppose we could simply stand this Inquiry, but it requires more than that. There are two reasons why I wish to put this matter over for a detailed debate on another day. Firstly, Senator Baroutes wishes to be involved in this debate. He and I were the only senators in the delegation that went to the Soviet Union earlier this summer.

Secondly, there is so much happening with respect to working up an acceptable aid package to meet the needs of the Soviet people that perhaps it would be better to wait a day or two. For example, there is a meeting of the G-7 in Moscow today. Proposals have been made, but there is no official declaration that the G-7 has made a proposal to the republics that if they will accept the obligation of paying off the debt of $65 billion to $80 billion and putting up a substantial amount of gold—approximately 240 tonnes—that they would be offered a billion dollars in immediate additional credits and be allowed to forego interest payments on the $65 or $80 billion debt for 1992, which could be worth as much as $7 billion or $8 billion to the republics.

I hope that Canada will participate in making a very generous offer. It is not that I want to be generous necessarily to the republics of the Soviet Union, but I am convinced that Canadians are not only willing but anxious to provide consumer goods to the Soviet Union. For example, this country has wheat in abundance. Skim milk powder is desperately needed in the Soviet Union, as well as clothing. Again, we have these items in abundance.

There was a rumour this morning that the U.S. White House was about to offer the Soviet Union up to $1.3 billion in additional credit for emergency aid such as food and medical purchases. As well, additional credits may be made available by the European bank for reconstruction of countries in Eastern Europe.

• (1640)

Honourable senators, I do not want to take up more time today, while so many of the matters I have raised are in a state of flux. The meetings I have talked about are still going on today. The announcements as to what will come out of those meetings are not yet clear. It may be that the sum total is a respectably good package to deal with some 260 million to 280 million people who will face severe conditions this winter. The consequence of that action could be to maintain both economic and political stability in that part of the world.

If I may, honourable senators, I would like to leave the subject for today, and perhaps call this inquiry again next Tuesday when some of these matters may be cleared up somewhat.

On motion of Senator Olson, debate adjourned.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO STUDY VETERANS HEALTH CARE REGULATIONS AND OTHER MATTERS

Hon. Jack Marshall, pursuant to notice, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the Veterans Health Care Regulations (SOR/90-594, August 28, 1990) and on all other matters concerning veterans affairs which may arise from time to time.

He said: Honourable senators, I apologize for not dealing with this motion sooner, but as everyone knows, it took quite some time for the Standing Senate Committee on Social Affairs, Science and Technology to be struck.

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

Hon. Senators: Agreed.

Motion agreed to.

VETERANS AFFAIRS

PRISONERS OF WAR COMPENSATION—IMPLEMENTATION OF RECOMMENDATIONS—REVIEW OF ACT—GOVERNMENT RESPONSE—DEBATE ADJOURNED

On Motion No. 3:

That the Senate acknowledges the implied responsibility of the Government of Canada to compensate the Canadian Hong Kong prisoners of war for the suffering they endured in the Japanese prisoner of war camps; and prompts further action;

That the Government should consider the advisability of seizing the opportunity to provide benefits still denied to other prisoners of war, to which they should be entitled by right, by implementing the recommendations contained in the report of the Senate Subcommittee on Veterans Affairs, Its Almost Too Late, as a result of the evidence given by the following:

The National Prisoner of War (European Theatre) Association;

The Dieppe Prisoner of War Association;

The Merchant Navy P.O.W. Association; and

The Koncentration Lager Buchenwald Club.

The recommendations are as follows:

6. THAT the rates of compensation provided for under the Prisoners of War Compensation Act be reviewed with the objective of taking into account the severity of the prisoner of war regime forced on veterans by the award of additional compensation for each month deemed extremely severe, and that two additional categories be added at appropriate rates of compensation for those veterans who served 30 months or more as prisoners of war; and

7. THAT for the purposes of establishing entitlement to the Veterans Independence Program, receipt of prisoner-of-war compensation be treated as proof of undiagnosed medical disability.

Hon. Noel A. Kinsella: Honourable senators, it is my understanding that the Canadian War Amputees Association has been bringing the matter of the experience of Canadian prisoners of war in Hong Kong and has laid before the United Nations Subcommission on the Prevention of Discrimination and the Protection of Minorities, a subcommission of the United Nations Human Rights Commission, the fact that it would like the UN to look into the question of whether or not Canadian prisoners of war in Hong Kong were the victims of gross and consistent patterns of human rights violations.

I am wondering whether or not this is so. Does Senator Marshall have any indication as to the position of our mission at the United Nations concerning this matter? It seems to me that there is now a question under international human rights law that is making its way through the UN system.

Hon. Jack Marshall: Honourable senators, I am aware that the war amputees and, in particular, the Hong Kong Veterans Association under the leadership of Harold Atkinson, who is the president, and John Stroud, who is the president of one of its branches in Ontario, periodically bring pressure to bear on the matter and that it is being considered.

What prompted my motion was a visit I made to Hong Kong. A question on the subject was raised with the Prime Minister, who indicated that if there were any compensation granted to Canadians that it would be by the Canadian government.

It had to do also with this matter's relationship to the report "It's Almost Too Late" which deals with prisoner of war compensation. I have reiterated the recommendations of the report "It's Almost Too Late". I was hopeful that since our report was tabled last January, there would have been some response from governments at all levels.

I am not aware what negotiations are going on with the war amputees, the Hong Kong veterans or the Minister of Veterans Affairs, but I recognize, as Senator Kinsella said, that there is pressure being brought to bear on a periodic basis at the United Nations. I do not know if it has been resolved yet, but the pressure is being kept up.

On motion of Senator Molgat, debate adjourned.

VETERANS AFFAIRS

STRIKING OF CANADIAN VOLUNTEER KOREAN SERVICE MEDAL—REQUEST FOR GOVERNMENT TO ALLOW KOREAN VETERANS TO APPLY FOR WAR VETERANS' ALLOWANCE—POINT OF ORDER—MOTION STANDS

On Motion No. 4:

That this Chamber commends the Government of Canada in fulfilling a commitment to the veterans of Canada through a petition signed by a majority of the members of the Senate and the House of Commons and further strengthened by the signature of the Prime Minister of Canada calling on the Government to recognize the sacrifices of the Canadian veterans who served in the Korean conflict by striking a Canadian Volunteer Korean Service Medal;

That this Chamber remind the Government of Canada that they have not as yet fulfilled another commitment

made and signed by the Prime Minister of Canada on August 7, 1984, that assured that one of the priorities of the government would be to make Canadian veterans and/or their dependents living outside of Canada eligible to apply for War Veterans' Allowances if by reason of health, financial or other mitigating circumstances they are unable to return to Canada; and

That the government be asked to respond within thirty days.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I should like to raise a point of order on this motion. I would ask all senators to look at Motion No. 4. Compare the French and English texts and you will see a perfect example of the complaints that have been made regarding translations.

The English text states: "That this Chamber commends the Government of Canada . . ."

[*Translation*]

And the French text states: "Que le Sénat demande au gouvernement du Canada, . . ."

This does not make sense! In English, we praise the Government, and in French, we make a request to it. Come on!

Could we ask for a correction in the next edition of the *Minutes of the Proceedings of the Senate*?

[*English*]

Senator Marshall: Could Senator Molgat explain a little further so that I may understand?

Senator Molgat: The English text "commends" the government for fulfilling a commitment. The motion in French "asks" the government to do something. The two simply do not match. They do not say the same thing at all.

I presume that you prepared the motion in English. The French text has to be completely re-worked.

Hon. Eymard G. Corbin: On that point of order, honourable senators, do we know which is the correct text, Senator Marshall? Is it as it is stated in English that this chamber "commends" the government; or did you mean "command"?

Senator Marshall: I am commending the government. However, I am also reminding it that there is another commitment that it did not make. It was a facetious way of getting to my question. Could we stand on this motion, please.

Motion stands.

● (1650)

NORTH AMERICAN FREE TRADE AGREEMENT

FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO HEAR EVIDENCE AND TO EXAMINE AND REPORT ON NEGOTIATIONS

On Motion No. 6:

That the Standing Senate Committee on Foreign Affairs be authorized to hear evidence and to examine and report on negotiations for a North American free trade agreement among Canada, the United States and Mexico and any other related trade developments;

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

That the Committee be empowered to retain the services of professional and clerical staff as deemed advisable by the Committee;

That the papers and evidence received and taken on the aforesaid subject before the Committee during the First and Second Sessions of the Thirty-fourth Parliament be referred to the Committee; and

That the Committee present its report no later than December 17, 1992.

The Hon. the Speaker: Honourable senators, before proceeding with this motion, I must inform the Senate that the motion, as it appears on the Order Paper, is out of order because it contravenes paragraph 2:02 of the Procedural Guidelines for the Financial Operations of Senate Committees, which is printed as Appendix II of the Rules of the Senate. Paragraph 2:02 reads as follows:

A notice of motion to establish a special committee or to authorize a committee to conduct a special study shall not refer to special expenses but shall set a date by which the committee is to report to the Senate.

Accordingly, I must rule that the motion is out of order. However, I would suggest that, with leave of the Senate, we could proceed with the motion by deleting the second and third paragraphs thereof.

I must add that the mover of the motion agrees with that and I think the Deputy Leader of the Opposition also agrees.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, Senator Stewart spoke to me about this matter before he had to leave to go to committee, and he is more than agreeable to this suggestion. He would like to have the motion passed now without paragraphs 2 and 3, in order that the committee can proceed.

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

Hon. Senators: Agreed.

Motion, as amended, agreed to.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Do I understand that Senator Molgat asked for leave? Knowing his feelings about that particular procedure, I would like him to note that to every rule there is an exception, and I am delighted that Senator Molgat found one.

Senator Molgat: I do not believe that I asked for leave. I believe it was Mr. Speaker who said it would have to be done with leave.

Senator Lynch-Staunton: Even better, he is agreeing with the Speaker.

The Senate adjourned until Tuesday, November 26, 1991, at 2 p.m.

THE SENATE

Tuesday, November 26, 1991

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

Prayers.

[*Translation*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following message had been received:

RIDEAU HALL

November 26, 1991

Sir,

I have the honour to inform you that the Hon. Claire L'Heureux-Dubé, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, November 26, 1991, at 3.30 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

ANTHONY P. SMITH
Deputy Secretary,
Policy, Programs and Protocol

The Honourable
The Speaker of the Senate
Ottawa

[*English*]

THE GREY CUP

CONGRATULATIONS TO THE TORONTO ARGONAUTS ON WINNING THE CANADIAN PROFESSIONAL FOOTBALL CHAMPIONSHIP

Hon. Keith Davey: Honourable senators, I wonder if a former Commissioner of the CFL—albeit for only 54 fun-filled days—is allowed to congratulate the CFL and the Toronto Argonauts on last Sunday's spectacular success for both the team and the league.

The CFL is decidedly alive and well. John MacKinnon, sport's columnist for the *Citizen*, is perfectly correct when he says, "Let's keep the "C" in the CFL."

What a remarkable demonstration of Canadian identity! The people of Winnipeg, in particular, deserve all the credit they are receiving.

The Toronto Argonauts, including owners Bruce McNall, Wayne Gretzky and John Candy, brought not only the league back to life, but football back to Toronto. Rocket Ismail really is a rocket. Matt Dunigan is one gutsy quarter-back.

It was a great day for the CFL, for Canada and for Toronto. Who knows, next year we may win the World Series.

I am sure all senators will want to salute the CFL, Canada and Toronto. If my vanity can be forgiven, 24 years ago I urged the CFL to abandon blackouts. Everyone knows what happened, and they can read more in my football fan's bill of rights, page 117, in that remarkable book *The Rainmaker.*

Hon. Senators: Hear, hear!

Hon. Raymond J. Perrault: Honourable senators, as a confirmed westerner, I can only say, by way of a response, "Wait until next year!"

CANADIAN WHEAT BOARD

SHIPMENTS OF GRAIN THROUGH UNITED STATES PORTS

Hon. Raymond J. Perrault: Honourable senators, Canadians living on the west coast are disturbed and disappointed by the recent Canadian Wheat Board decision to export 55,000 tonnes of Canadian barley via Seattle, Washington.

Spokesmen for the B.C. Terminal Elevator Operators Association have predicted that the Seattle shipment will open the floodgates to more Canadians grain exports from United States ports. Our Vancouver Port Corporation has served notice it will take immediate action to stop further erosion of revenue and jobs.

Honourable senators, this is the first time in Canadian history that uncleaned grain is being shipped out for export. Yet, we in Canada have established an international reputation for high- quality, high-grade grain, only because our grain is cleaned to perfection. This gives us an edge in competing with grain-exporting countries like the United States, the European Economic Community, Australia and Argentina.

This recent action by the Canadian Wheat Board and the Canadian government to ship uncleaned Canadian grain, or for that matter cleaned Canadian grain, through U.S. ports threatens thousands of Canadian jobs, not only in the grain industry but also those included in railway transportation, the port of Vancouver, the port of Thunder Bay, and other areas involved in the handling and export of Canadian grain. Businessmen and shipowners involved in the grain-handling industry will lose business. Already, Canadian businessmen are suffering from the continuing recession. They need more opportunities to sustain and improve their economic circumstances, not to lose more.

This shipment of 55,000 tonnes of barley to the port of Seattle can very easily be handled through the port of Vancouver or through the port of Prince Rupert. Right now in the port of Vancouver, and I have checked this morning, we have 75,000 tonnes of excess capacity in two of the grain elevators in Vancouver alone. We can handle this 55,000 tonnes of barley faster and cheaper by at least $9 and $10 per tonne than can the United States. Shipping via west coast ports would save farmers money instead of losing money. It is ironical that a ship coming to Vancouver, Canada, to be inspected by Agriculture Canada has to proceed to Seattle to pick up Canadian barley. It is also ironical that the Canadian government grain inspectors are travelling down to Seattle, Washington, to inspect that shipment of grain.

Who will pay for this? It has to be the Canadian farmer. For some time there has been a shortage of hopper cars in the grain elevators in North Vancouver and in Vancouver, British Columbia. The afternoon shifts and the night shifts cannot utilize their work force for unloading hopper cars because 650 hopper cars are being used to ship this barley to the port of Seattle. Crews in these elevators, instead of unloading grain, are being utilized for clean-up, and therefore the grain companies are losing money.

Canadian grain farmers are told that it will be cheaper for them to ship Canadian grain through the United States ports. This is not true. They may benefit temporarily, but on a long-range basis of three or four years from now, the Canadian farmers will pay, and pay dearly, for this folly. Not only will the farmers suffer tremendously, the workers and the business people will also suffer along with them.

However, the biggest loser will be this country. Canada will suffer very badly as a whole. I urge the government to bring every force to bear to modify this addled and damaging decision to ship Canadian grain through U.S. ports.

AGRICULTURE

DELEGATION OF PRAIRIE FARMERS AND GRAIN PRODUCERS—REQUEST FOR MEETING WITH MEMBERS OF PARLIAMENT

Hon. H.A. Olson: Honourable Senators, I wish to advise the Senate that a large number of farmers and grain producers from the three prairie provinces are in Ottawa today. They are here because the situation has become so desperate with respect to their financial condition that it became necessary for them to organize a contingent to come to Ottawa to meet with as many members of Parliament as possible, from both Houses, to bring this to their attention.

As a matter of fact, meetings have been taking place this morning and there will be more this afternoon, and I hope that as many members of this House who can find the time, or make the time, will meet with them and listen to what they have to say about the desperate financial situation that exists in the Prairies at the present time.

We are advised that the $800 million that the government has committed—that is providing they can find it without borrowing, and I understand that—was indeed provided in response to recommendations made to the government by the Third Line of Defence Committee from which the government had requested recommendations. Indeed, that financial commitment was made because of the shortfall in the 1990 crop, not the 1991 crop.

• (1410)

I find it difficult to understand why the government would put off responding until 1992 to the recommendations that they asked for. By that time, of course, it will be nearly two years after the results were known.

The Leader of the Government in the Senate has told us that payments that have already gone out under GRIP are only on the production or yield side, and certainly not on the price side of that equation. As yet, therefore, the payments out are very small in relation to the commitment that was made.

However, there will be a number of meetings this afternoon and again this evening. I want to draw this to the attention of the Senate and to urge senators to listen to the stories of privation and desperate financial situations that have caused these farmers to send a delegation to Ottawa.

NOTICE OF MEETING BETWEEN SENATORS AND FARM REPRESENTATIVES

Hon. Efstathios William Barootes: Honourable senators, my friend Senator Olson has just mentioned the large delegation of farmers and some politicians who have come to Ottawa. For those of us who will not have the opportunity to meet with them personally, but who wish to do so, tomorrow afternoon a delegation of representatives of these farmers will be meeting with senators in Room 356-S and all senators are invited to come and listen to their presentation and perhaps ask questions. If you have not received that notice, I bring it to your attention. The time that we have allocated for this meeting is not earlier than 4.30 p.m., or when the Senate rises. It is my fond hope that the Senate chamber will rise before 4.30 p.m. tomorrow evening so that we can make ourselves available and avail ourselves of the information that our friends from the agricultural industry are bringing to Ottawa.

Hon. H.A. Olson: Would you bring the minister of agriculture?

Senator Barootes: This is a meeting for senators.

LA FRANCOPHONIE

PARIS CONFERENCE—OMISSION OF PRINCE EDWARD ISLAND FROM PRESENTATION MAP OF CANADA

Hon. M. Lorne Bonnell: Honourable senators, I would like to make a statement concerning the Francophone Conference in Paris and the participation of the Government of Canada at that conference. It is always nice to know that we, as a bilingual country, can go to Francophone conferences as well as to Commonwealth conferences, but it is very disappointing to a Prince Edward Islander to note that the Department of External Affairs and the Internal Trade Commission of

Canada have put out a map from which Prince Edward Island has been omitted.

Hon. Senators: Shame, shame.

Senator Bonnell: All the other little islands of this world are mentioned—the Shetland Islands, the West Indies, the East Indies, Bali and Sable Island, but Prince Edward Island has disappeared.

I want to bring to the attention of the Government of Canada the fact that there is an island called Prince Edward Island. It is a province of this country. It has four MPs and four senators. Prince Edward Islanders would like to be known as such, and to participate in trade with all countries, whether they are Francophone or Commonwealth countries. When the Government of Canada spends money promoting Canada, we want it to be promoting Prince Edward Island as well.

I would ask the minister here in the Senate responsible for inter-provincial relations to make sure that this map put out by the Department of External Affairs and the Internal Trade Commission of Canada is revised so that Prince Edward Island is put back on the map.

Moreover, someone removed the English-speaking part of New Brunswick from that mat and added it to the United States, rather than admit that they were English-speaking. I am sure that the Anglophones of New Brunswick would want to be recognized as well as the Francophones.

As for the rest of Canada, even the small islands in the north that no one lives on are all recognized; while the great province of Prince Edward Island has been ignored by this government. Is it because we have four Liberal members of Parliament and one good Liberal senator?

Senator Perrault: Is Vancouver Island there?

Senator Bonnell: Vancouver Island is there. Cape Breton is not an island anymore. It is a peninsula. It is part of Nova Scotia.

THE HONOURABLE SIDNEY L. BUCKWOLD

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am glad to have this occasion to weigh in with some tributes to the Hon. Sidney L. Buckwold, who turned 75 earlier this month and, therefore, pursuant to our Constitution, was required to retire. I wish to say something about Sid Buckwold as a public figure, and I wish to say something about him as a man.

The Hon. Sidney L. Buckwold was called to the Senate some 20 years ago on November 4th, 1971. He will carry on his contributions to Canadian life within the private sector, but he will be missed within this chamber, and he certainly left with all the appearances of being in the prime of his life.

Sid Buckwold's illustrious career spans both municipal and federal politics. His career in municipal politics began in 1953 when he became a councillor. He served as mayor of Saskatoon from 1958 to 1963 and from 1967 to 1971. He also served as President of the Canadian Federation of Mayors and Municipalities from June 1960 to June 1961. During his municipal career, he was one of the best known municipal politicians in Canada. Anyone who attended the tributes given to him in Saskatoon will know how well known he was as a citizen of Saskatoon.

Former Prime Minister Pierre Trudeau called Sid Buckwold to the Senate in 1971. He received nothing but praise and well-wishes on that occasion. The Saskatoon *Star Phoenix* on November 6th, 1971, said:

> It would be difficult to find in all Canada, let alone in Saskatchewan, a man who deserves to be called to the Senate more than does Senator Sidney L. Buckwold, mayor of Saskatoon for, lo, these many years.

A further quote:

> His common sense, his proven ability as a businessman, his concern with matters of state and society beyond the limits of civic government, and his happy skill in speech, will grace the Senate as much as they have contributed to the strength and reputation of Saskatoon.

The Regina *Leader Post* of the same day echoed that response with these words:

> Sid Buckwold (the popular mayor of Saskatoon, to use an old cliche) is a man of humour and enthusiasm and common sense who should be an asset to Canada, and to the West in particular, in his new role as a senator from Saskatchewan.

And how prophetic that turned out to be.

In his new position, Senator Buckwold maintained an active role in many issues. He held many chairman positions, including Chairman of the Canadian National Committee on Human Settlements (for the 1976 United Nations Habitat Conference and Exposition on Human Settlements), Chairman of the Committee on International Hockey, and Chairman of the Senate Committee on Banking, Trade and Commerce.

Senator Buckwold consistently fought for and supported the causes he believed in. He pursued the issue of national pride in the 1970s, citing Canada's richness in natural resources, water power and abundant food supplies.

As a Western Canadian, Senator Buckwold consistently fought for better treatment for Canadian farmers. He certainly would have been in the thick of the representations that are being made on Parliament Hill today. Topics taken at issue were the preservation of agricultural lands and recognition of the importance of agriculture to the Canadian economy. In his position as Chair for the Habitat Conference, the senator sought for ways to improve the international human settlement situation.

• (1420)

In a *Globe and Mail* article on October 29, 1975 Senator Buckwold discussed the population problems faced by Canada, and he was quoted in that article as follows:

> "Somewhere along the line we will have to curb the growth of our larger cities," he said. "If current trends

are allowed to go unchecked, 50 per cent of Canada's population will live in three cities—Toronto, Montreal and Vancouver—within 25 years. Furthermore, 75 per cent of the population will be congregated in 12 cities within the same period.

So we will have to change our national growth policies or almost all Canadians will be inhabitants of the concrete jungle."

In 1990, Senator Buckwold attended the Global Forum of Spiritual and Parliamentary Leaders on Human Survival dealing with environmental issues in Moscow. At this conference he was quoted as saying:

"The greatest problem facing the world in the next decade is the environment and controlling the population growth.

Again, that illustrates his ability to clearly analyse the essence of Canada and the world's political problems.

Sidney Buckwold received many honours. In 1969 he was voted Salesman of the Year for obtaining the Canada Winter Games for the city of Saskatoon. He was also voted Saskatoon Citizen of the Year in 1971. He has at all times fulfilled his civic duty with flair and finesse. The following story written by Art Robinson in the Saskatoon *Star-Phoenix* on February 5, 1986 aptly illustrates the point:

The young woman was one of many who got stuck in last week's snow-in.

She was trying to get out of the parking lot access on Spadina Crescent across from the Bessborough Hotel when the wheels on her vehicle started to spin.

Most citizens and most senators who have been ever been in Saskatoon will have in their minds the scene opposite the Bessborough Hotel.

A few people walked by without paying too much attention.

Then one well-dressed gentleman who was downtown on business came over to offer a hand—or at least a rump.

He sat on the back of the car to provide a little traction.

It wasn't until the car was moving that the woman recognized the good Samaritan.

It was none other than 70-year-old Senator (and former Saskatoon Mayor) Sid Buckwold.

Senator Buckwold has always taken up issues he believed in with the greatest of intensity. He has done this in this house and he has done this house and the country a great service. We are sad to see him go, but we know that no matter what he is doing, Sid Buckwold will continue to be a great Canadian.

I want to finish by saying something about Sid Buckwold as a man. The one word that best describes him is a Yiddish word. I will tell you the definition of that word and you will see how it applies to him. I will quote from a book by Leo Rosten entitled *Hooray for Yiddish* and also from a book given to me by my good friend Senator Nurgitz, who was one of my mentors in Yiddish. Although he does me the honour of saying I speak it almost as well as he does, I am not sure that is saying very much. This book is entitled *Every Goy's Guide to Common Jewish Expressions*. For those who do not know any Yiddish, I am a Goy, Nurgitz is not.

I was once paid the great compliment by the father of a Jewish friend of mine of being described as a Goy with a Yiddish kup. Senator Nurgitz will translate that. It is a gentile with a Jewish head or mind.

The first quote is from the book given to me by Senator Nurgitz. The word is "mensch" and the definition states:

"This isn't going to be easy."

I am reading this in connection with Senator Buckwold.

Literally, mensch means a person, a human being. But it means much more than that.

To call someone a mensch is, in a certain way, the highest compliment you can pay them. It means they're mature, compassionate, decent, loving — everything a human being should be. **Menschlichkeit** means true humanity, real human dignity.

When mensch is used as the last word in a sentence, as it often is, it's always emphasized—"now *this* is a *mensch*!"—because there's little you can say beyond that.

Oriana Fallaci wrote a book called *A Man*. The feeling she wants to convey about this Greek patriot comes across even better in the Yiddish title *A Mensch*.

You don't have to be well known, or even exceptional (except in your menschlichkeit), to be a mensch, but the examples I'll give of mensches will be famous people, because otherwise you won't know who I'm talking about. Martin Luther King was a mensch. Albert Einstein was a mensch. Emma Goldman was a mensch. Salvador Allende was a mensch. Malcolm X was a mensch. Joan Baez is a mensch. Robert Redford is a mensch. And, if you ask me, Abbie Hoffman is a mensch.

Then from Leo Rosten's book, a little shorter.

mentsh

Rhymes with "bench." German: *Mensch*: person.

1. An upright, honourable, decent person. ("Come on, act like a *mentsh*!")

2. Someone of consequence; someone to emulate; of noble character. ("Now, there is a *mentsh*!")

3. A personification of worth and dignity, requiring the highest respect and approbation; totally trustworthy.

Mentsh is being used more and more in English. An extremity of scorn or contempt is contained in the simple declaration: "He did not act like a *mentsh*."

Neither wealth nor status nor success nor fame nor popularity qualify one to be called a *mentsh*. A king may be a *paskudnyak*; a doctor can be a *bulvon*, a scholar a *klutz*. The key to *mentshlichkayt* is character: rectitude, responsibility, decorum, generosity of spirit. Abraham Lincoln, say Jews, was the model-ideal of a *mentsh*.

Sid Buckwold, I say, was another model of a mentsh.

Hon. Senators: Hear, hear.

Hon. Efstathios William Barootes: Honourable senators, I wish to say a few words about my friend Sid Buckwold. I do so because the Buckwold and the Barootes clans grew up together in Saskatoon going back to our school days.

Sid was a classmate of my eldest sister. The late Dr. Alvin Buckwold was a contemporary of mine through school, through college and in the practice of medicine, a very fine paediatrician. The youngest brother of the family, Seymore, was a classmate of my late brother. Both of them have now passed away. Sid is the surviving son of the Buckwold family.

There is no doubt in my mind that Sid Buckwold gave great leadership to the city of Saskatoon. I went so far as to say that he was the best mayor that Saskatoon ever had. I might even go so far as to say he was probably one of the outstanding mayors in this country in his time. He managed, during strong Liberal administrations in Ottawa and in Saskatchewan, to snatch away from Regina a fairly substantial sum of money which was available to us in the Jubilee Year to build a substantial building to the honour of Canada's one-hundredth birthday. Wouldn't you know it, Sid had the power and the pursuasion to get about half of that money. Not only that, when we were sitting in that edifice at the dinner in his honour, I made the suggestion that, in view of the fact that it was through his efforts that this magnificent building had been built in Saskatoon—where it did not deserve to be, I might add—they might think to rename the Centennial Auditorium in his honour. Darned if at the end of that dinner the chairman of that committee did not get up and say to us that their board had decided to name the hall in which we were sitting the Senator Sidney L. Buckwold Auditorium.

• (1430)

Senator Frith: You don't know your own strength.

Senator Barootes: That pleased me very much, to be prophetic, as I often feel I am and which very few of you here recognize.

The other thing Sidney Buckwold did as a civic leader which might interest you is that he obtained the first winter games. Saskatoon is as flat as beer in a platter, as you all know. They had to have a place to do their downhill skiing. So Sid had them build a mountain. Now listen; Moses came down from a mountain, but Sid built the mountain to climb for Saskatoon. It is called Blackstrap Mountain. A few people in the athletic field, particularly Jim Coleman, a friend of mine, named it "Jock-strap Mountain". However, the name "Blackstrap" still sticks and it has become a fairly grand resort in that flat prairie area.

Sid Buckwold went further than that. He was a distinguished scholar, a very successful businessman, as we all know, both in local, provincial, and national affairs, sitting on several boards of major institutions of a financial nature. He was also very involved in voluntarism; civic, provincial, national, and international. I will not recite his entire career because my friend the Leader of the Loyal Opposition has outlined it so beautifully.

However, I will say this: Sid was unsuccessful in two federal election in Saskatchewan. Those were difficult years for any Liberal to even think of running in Saskatchewan. Those were the Diefenbaker years. It was only with the blessing of the great John Diefenbaker in those days that anyone could be elected in Saskatchewan. However, the Prime Minister did see fit, in 1971, to bring this fine gentleman here to Ottawa and make him a senator where he could prove his legislative abilities, prove his mettle as we say. Indeed, he did participate, as you know, most wholesomely in the activities of this chamber.

I have touched on some of the things that Sid Buckwold has done. There are many more that can be cited. He served in the military. It is a source of pride to him to be able to say that he was the honourary colonel of the North Saskatchewan Regiment. This is quite a career—child prodigy, highly successful businessman , politician, soldier and a volunteer all in one lifetime. His contribution to Canada, as Senator Frith has said, has not ceased. I am sure it will continue. He was a great advocate for our province and a great and successful advocate for his city.

• (1440)

Yet, what has been left out is that which endeared Sid most to the Senate. I think we all agree that that is his great sense of humour, his fabled wit, his ability to carry an audience, whether as a master of ceremonies or as an after-dinner speaker. As for that quick wit and those dreadful one-liners that he used to come out with, I can say I have several of the scars to show for it.

He has been a loving husband, a great father, a great grandfather. He is now, I think without a doubt, the patriarch of the Buckwold Meshpuka in this country. Along with my colleagues on this side, and I hope on the other side, I take this opportunity to say that we wish Sid, Clarice and their family a long, healthy and busy future.

Hon. Senators: Hear, hear!

Senator Frith: Honourable senators, may I add a short addendum about Sid? I noted a couple of stories about his sense of humour that I had meant to finish with, but I got carried away by associating him with Abe Lincoln.

I would like to relate two classic Sid Buckwold stories. Sid was a very well-known businessman. This story is about Sid seeing a friend on the street and asking, "How's business?" The friend replied, "Terrible, it's never been so bad. I never open the store a single day but I don't lose money." Sid said to him, "So how do you make a living?" The friend said, "We close weekends."

The other story so well illustrates his humility, not Uriah Heep-like humility, but genuine humility. He told us that he felt privileged to be in Ottawa with such fine people, such distinguished colleagues and persons of such good character. Honourable senators may remember that he told a story about seeing a friend on the street. The friend had with him a mongrel dog, and Sid said to him, "Where are you going with the dog?" His friend replied, "I'm taking him to a dog show,"

to which Sid said, "That mutt, he couldn't win anything," to which his friend replied, "That's true, but it does introduce him to a better class of dogs."

Hon. Jerahmiel S. Grafstein: Honourable senators, most Canadian observers in the media are preoccupied–indeed, obsessed— by big cities. Yet the roots of Canada's civic values most often are planted the deepest and flourish the strongest in the smaller cities and towns across the land. From these towns and small cities spring Canada's greatest natural personalities.

Surely, Sid Buckwold is such an uncommon offspring of small-town Canada: Unfailingly courteous, always civil, perpetually in good humour, never, ever refusing to do a good deed for a friend or a cause in need. Whether as a businessman, politician or humanitarian, Sid has always led by progressive example. Sid Buckwold personifies for me the greatest civic virtues that have made Canada and Canadians envied around the world.

The Bible reminds us that Moses, the greatest of the prophets, lived until 120 years, and the force was still with him. Since that time, the greatest salutation we can bestow upon a living friend is that he should live to 120 years, and that the force should continue to be with him. So be it with our friend Sid Buckwold. He will be missed but never forgotten.

Hon. Senators: Hear, hear!

MEMBERS OF THE SENATE AND HOUSE OF COMMONS CONFLICT OF INTEREST BILL

APPOINTMENT OF SPECIAL JOINT COMMITTEE TO STUDY SUBJECT MATTER

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

> THAT a Special Joint Committee of the House and Senate be appointed and empowered to undertake a comprehensive review of the subject matter of Bill C-43, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of the Members of the Senate and of the House of Commons, to establish a Conflict of Interests Commission and to make consequential amendments to other Acts;
>
> That the Committee may, in fulfilling its mandate, review the conflict of interest approaches used in other jurisdictions and any other matter related thereto;
>
> That the Standing Committee on House Management appoint the membership, for the House, of the Special Joint Committee and present its report, which shall be deemed concurred in, upon presentation to the House of Commons, no later than 5 sitting days after the adoption of the motion;
>
> That the said Special Joint Committee be composed of 14 Members of the House of Commons and 5 Members of the Senate;
>
> That the said Special Joint Committee have all powers of a Standing Committee of the House of Commons pursuant to Standing Orders 108(1), 120 and 121;
>
> That changes in membership of the said Special Joint Committee be effective immediately after a notification signed by the member acting as the chief Whip of any recognized party has been filed with the clerk of the committee;
>
> That the Special Joint Committee be permitted to request adequate support from the government for drafting its final report in the form of a bill or report Bill C-43 with or without amendments or in the form of principles that could be embodied in the legislation; and
>
> That a Message be sent to the Senate requesting that House to unite with this House for the above purposes, and to select, if the Senate deems it advisable, 5 Senators to act on the proposed special joint committee.

THE ESTIMATES, 1991-1992

NOTICE OF MOTION TO REFER SUPPLEMENTARY ESTIMATES (B) TO NATIONAL FINANCE COMMITTEE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(f), I move:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (B) for the fiscal year ending March 31, 1992.

Hon. Allan J. MacEachen: Honourable senators, I should like to make some comments on this motion tomorrow, if I may. Therefore, it would be helpful if we could stand it over.

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

Hon. Senators: Agreed.

CRIMINAL CODE NATIONAL DEFENCE ACT YOUNG OFFENDERS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-30, to amend the Criminal Code (mental disorder) and to amend the National Defence Act and the Young Offenders Act in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, November 28, 1991.

[*Translation*]

FEDERAL REAL PROPERTY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-3, an Act respecting the acquisition, administration and disposition of real property by the Government of Canada.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, November 28, 1991.

• (1450)

[*English*]

YOUNG OFFENDERS ACT CRIMINAL CODE

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-12, to amend the Young Offenders Act and the Criminal Code.

Bill read first time.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, November 28, 1991.

CANADA-JAPAN INTER-PARLIAMENTARY GROUP

TABLING OF REPORT OF SECOND ANNUAL MEETING

Hon. H. Oliver: Honourable senators, I have the honour to table in both official languages the report of the second annual meeting of the Canada-Japan Inter-Parliamentary Group, which was held in Tokyo, Japan, from June 22 to July 2, 1991.

PRIVILEGES, STANDING RULES, AND ORDERS

NOTICE OF MOTION TO SUSPEND RULE

Hon. Stanley Haidasz: I wish to give notice, pursuant to rules 57(1) and 59(1)(*a*), that, within a day of sitting of the Senate, I shall move the temporary suspension of a requisite two-thirds majority vote in correcting an anomaly or suspension of rules in consideration of the fact that the former rules were dropped on June 18, 1991, without the requisite two-thirds majority specified in former rule 47(2).

Therefore, I move, seconded by Senator Thériault:

> That, pursuant to rule 3 which supports practice, and based on rule 2 for the maintenance of privilege, as it is a matter of universal privilege, and of profound constitutional significance, therefore the Senate's vote upon Order No. 2 under Other Business, being a resolution to rescind the adoption of the present rules as resolved on June 18, 1991, with less than two-thirds majority at that time, in contravention of then-rule 47(2), will be resolved in the affirmative, though without thereby setting a precedent of general practice, if a simple majority of voting senators assent.

[The Hon. the Speaker.]

The Hon. the Speaker: Are you giving notice for tomorrow, Senator Haidasz?

Senator Haidasz: Yes, sir.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. Finlay MacDonald: Honourable senators, with leave of the Senate and not withstanding rule 59(1)(*a*), I move:

> That the Standing Senate Committee on Transport and Communications have leave to meet at four o'clock tomorrow afternoon, November 27, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

May I give a brief explanation?

Hon. B. Alasdair Graham: Before Senator MacDonald provides his explanation, perhaps I could ask him to include in it his assurances, as Chairman of the Standing Committee on Transport and Communications, that before the committee meets tomorrow at four o'clock, as he is proposing, that all honourable senators who are members of the committee at the very least will have a full translation, in both English and French, of the unrevised evidence of the committee hearing of November 21; and I want to emphasize that we would need that in ample time to make a proper examination of that evidence prior to the meeting.

Senator MacDonald: Senator Graham, if you do not have the information you require in both languages, there will not be a meeting tomorrow.

By way of a brief explanation, there is a great deal of committee activity tomorrow, both tomorrow afternoon after the Senate rises and tomorrow evening, and into the night. Banking, Trade and Commerce, National Finance, Internal Economy, and Transport are meeting when the Senate rises and will be sitting into the evening. When a committee chairperson arranges for witnesses at a time after the Senate rises and then another committee moves in and the chairman is told that the committee cannot meet because there are not enough rooms, that is very disruptive. What I am asking for today is a predictable hour's head start so that our committee may finish its work in three and a quarter hours before we are asked to move to another room. I give assurances to the two deputy leaders that I will not be in the habit of asking for this as a regular matter of business; however, I do wish that there could be better coordination involving committees and committee meeting rooms.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Senator MacDonald spoke to me about this matter yesterday; in fact, we have had two or three conversations about it. I

know he was reluctant to ask me because he knows that the position we have always taken on both sides of the House is that we do not like to do that.

However, there is a special circumstance in this case. I was at the committee meeting last week when the committee had to stop because someone else needed to use the room. It does present a real problem for the Senate in scheduling committee meetings. I would appeal to the government leadership to see what can be done to arrange for more space. It is not reasonable to have committees meeting at the same time as the Senate. That is a generally accepted principle. Yet committees have to meet. Somehow or other we have to find more space.

On this particular occasion, and particularly with the guarantee that Senator MacDonald gave to Senator Graham regarding having the transcript available in both languages before the meeting, we agree to give leave on this one occasion.

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

Some Hon. Senators: Agreed.

Motion agreed to.

• (1500)

QUESTION PERIOD

AGRICULTURE

FARM LOANS—EFFECT OF DEBT SERVICE CHARGES

Hon. H.A. Olson: Honourable senators, I want to be brief. There will be a number of meetings this afternoon and this evening with the people from the farm communities of Alberta, Saskatchewan and Manitoba about some of their financial problems. In the meetings that we had this morning it came through very clearly that the major single item of expense that has caused a lot of these problems is the debt service charges.

They told us that about 65 per cent of the long-term debt that farmers owe in those three provinces is now owed to one or other of the federal or provincial agencies, such as the federal Farm Credit Corporation and several provincial organizations that have been extending credit.

Are the Leader of the Government in the Senate and the cabinet giving serious consideration to extending relief from the accumulation of these debt service charges due to the very low prices for grain and the very high interest charges that were paid some time ago? I realize they have come down substantially in the last six months or so, but prior to that there were many months when they were paying 50 to 60 per cent more than they agreed to when these loans were made.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I believe my colleagues, Mr. Mazankowski and Mr. Mayer, have been meeting within the past couple of hours with the farmers' delegation from western Canada. I would have to get a further report from those ministers as to what transpired before answering the honourable senator's question with any precision.

However, I can say in a general way that the special program of $800 million announced a couple of months ago, in addition to the arrangements that have been made under the two new safety net programs, GRIP and NISA, represent about the limit of the federal government's capacity for further financial assistance at this time.

Senator Olson: I realize that the matter of dealing with the terms and conditions of foreclosures, particularly involving homes of farmers and so on, is within the provincial jurisdiction. I understand that there is some action being taken by some of those provinces to deal with the significantly greater number of foreclosures that are taking place. But the federal government also has a very large stake. In fact, I think something like $3.5 billion in loans are owed to the Farm Credit Corporation.

Relief in that matter, whether it comes in announcements in the meetings being held with the Minister of Agriculture and the Minister of Finance today, is one thing. Has the government given some serious consideration to that particular problem prior to today?

Senator Murray: Honourable senators, as I have indicated, the steps that we have taken within the past few months to bring assistance to the farm sector represent the limit of our financial ability at the present time.

SUSPENSION OF REPAYMENT OF FARM LOANS—GOVERNMENT RESPONSE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I would like to ask a supplementary question on that matter. The government is saying that it has a problem getting enough cash to give the farmers. If it were simply to say at this point that it will suspend repayment to the Farm Credit Corporation of both interest and capital until, let us say, next fall, this would not result in any cash requirement on the part of the government. Admittedly, in the long run it would mean the government would receive less money but it would mean no cash outflow at all. The government could simply make that decision and give that amount of support.

I understand that about 71 per cent of the debt presently owed by farmers is owed by one-third of the farmers. So there is a very special area there consisting mainly of young farmers. This could be immediate relief without any cash outflow.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I appreciate the distinction that the Deputy Leader of the Opposition is trying to draw here, and I accept it as a representation which I will convey to my colleagues.

Senator Molgat: It was really a question as to whether the government would consider that.

Senator Murray: If that is a question then I will convey that question-cum-representation to my colleagues.

FORESTRY

EXCLUSION OF CANADIAN LUMBER FROM EEC

Hon. Raymond J. Perrault: Honourable senators are aware of the fact that the forest products industry in Canada is going through very difficult times. Of course all of us were dismayed by the arbitrary, unilateral action taken by the European Economic Community a few days ago declaring that certain classifications of Canadian lumber would be excluded from the EEC.

If the Leader of the Government in the Senate does not have the information at this time, that will be understood by all of us, but will he at some point in time, hopefully sooner rather than later, advise us of what the Canadian reaction to this arbitrary European action will be? Are we going to accept this decision by the Europeans or will we make some counter-proposals to save our industry an enormous loss of money?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall ask my colleague Mr. Wilson for a report on that matter.

EXTERNAL AFFAIRS

VENUE FOR MIDDLE EAST TALKS

Hon. Allan J. MacEachen: Honourable senators, could the Leader of the Government tell us whether the Government of Canada has taken any view with respect to the venue of the Middle East talks proposed tentatively to be held in Washington? If so, has it encouraged the venue of Washington or has it supported Israel in seeking a different venue?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we have not taken any position with regard to the venue of the conference.

YUGOSLAVIA

CANADIAN INITIATIVES TO PROMOTE PEACE—GOVERNMENT POSITION

Hon. Stanley Haidasz: Honourable senators, if not today, then at the next sitting, can the Leader of the Government in the Senate tell us all the steps that the federal government has taken to try to stop the fighting between Croatia and Serbia in this present civil war in Yugoslavia?

Hon. Lowell Murray (Leader of the Government): I can tell the honourable senator that we have been very active in the United Nations on this matter. Unfortunately, I am not in a position to report much success with regard to our efforts to persuade the parties to end the conflict.

Many weeks ago, Prime Minister Mulroney was urging United Nations action, if necessary, to send peacekeeping troops to that country. We are participating in the cease-fire monitoring mission mandated by the Conference of Security and Cooperation in Europe. We have also supported the call for a UN oil embargo and, as I said, the deployment of UN peacekeepers.

[Senator Murray.]

The honourable senator also knows that at the economic level we suspended all trade support for Yugoslavia, required permits for exports to that country and raised import tariffs. We are also cooperating with the UN embargo on shipments of weapons and military equipment.

At the last meeting of NATO heads of government the Prime Minister, on Canada's behalf, supported a statement calling for all existing internal and external borders to be respected, and we have made it clear that we will not recognize any unilateral change of borders brought about by force.

To that I can only add that my colleague Mr. Masse, the Minister of National Defence, is sending two Canadian Forces Boeing 707s to Yugoslavia with emergency relief supplies. The first of those 707s left yesterday, and the second will leave tomorrow.

• (1510)

Senator Haidasz: I have a supplementary question: Can the Leader of the Government inform this House whether anyone in the Canadian delegation at the General Assembly meeting of the United Nations in New York has offered, or promised to offer, manpower to any United Nations' force that might be approved to keep the peace between the Croatians and Serbians?

Senator Murray: The answer to that is an emphatic yes. We have stated our willingness to contribute personnel to such a peacekeeping mission.

CANADIAN UNITY

STATEMENT BY THE HONOURABLE BENOÎT BOUCHARD—GOVERNMENT POSITION

Hon. L. Norbert Thériault: Honourable senators, following questions I asked him last week, I have another question for the Leader of the Government in the Senate.

I wish to say, honourable senators, that I am very happy that Benoît Bouchard has finally made up his mind to speak on behalf of Canada.

Senator Murray: No, you finally noticed. That is the difference.

Senator Thériault: I wish to quote from the famous *Globe and Mail* that my friends on the other side of the chamber are often happy to quote. The quote reads as follows:

> Benoît Bouchard, Prime Minister Brian Mulroney's Quebec lieutenant, yesterday attacked the idea of Quebec sovereignty as "an absurdity" and defended the concept of a federal referendum.

I say "Aye, aye".

The question I have is that I hope the Leader of the Government in the Senate will encourage the other ministers from Quebec—

Senator Simard: What is your question? Follow the precedents. Follow the rules.

Senator Frith: The pot just interrupted the kettle.

Senator Thériault: Coming from Senator Simard, that makes me nervous.

My question, Senator Simard, is this. The quote goes on in the *Globe and Mail* article. I quote Minister Bouchard.

> I will do everything, everything in my power and more than I wanted to, to prevent this country from coming apart.

I wonder if the Leader of the Government will seek an explanation of what was meant when Mr. Bouchard said "more than I wanted to"? As I read it, it means more than he wanted to do. Would you please inquire and see where Mr. Bouchard stands on the matter?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think it is clear where Mr. Bouchard and all of my colleagues stand on the issue. We are dedicated to the preservation of a strong and united Canada.

Senator Frith: It may be clear to you.

Senator Thériault: We are waiting to hear the others.

BUSINESS OF THE SENATE

DELAY IN RESPONSES TO ORDER PAPER QUESTIONS

Hon. Colin Kenny: Honourable senators, I have a question for the Leader of the Government in the Senate. I am asking about the delay in responses to questions that I have had on the Order Paper, specifically questions 38 through 47, relating to the Special Senate Committee on Terrorism. These questions were first placed on the Order Paper over 14 months ago, and then they were replaced on the Order Paper this September. Can the Leader of the Government in the Senate advise us as to why it is taking so long to answer these questions?

Hon. Lowell Murray (Leader of the Government): There are quite a few of them, honourable senators. I shall attempt to track down a reply to the question my friend asks today and report back to him in a day or two.

Senator Kenny: By way of supplementary, I was approached by an official in the Solicitor General's department over a month ago asking me how did I like the replies to the questions I had asked. The official told me that they had been forwarded to the Leader of the Government in the Senate's Office some time ago.

Some Hon. Senators: Oh, oh!

Senator Murray: That information is almost certainly incorrect. I read my mail every day.

Senator Perrault: How much do you throw away?

Senator Murray: I attempt to table replies to honourable senators' questions as soon as they arrive and I have read them and approved them. The official in question is surely not well informed. No replies to my friend's questions have arrived in my office.

CHINA-CANADA RELATIONS

STATUS OF TIBET—GOVERNMENT RESPONSE

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

At the weekend, I was dealing on Sunday with an accumulation of correspondence. I will have to explain this, because I do not have the piece of paper I want, and I will not be here tomorrow. My question deals with Tibet. Amongst the material was a statement that the United States' State Department has declared that the United States of America considers Tibet an occupied territory. I thought this to be rather significant.

Considering that the present government feels that this is a brittle question, illustrated by the reception that the Dalai Lama received when he was here, I ask the leader if he would consult with his colleague, the Secretary of State for External Affairs, as to whether I am correct. Secondly, is Canada's position similar to that of the United States? Thirdly, if our position has not been a similar position up until now, does the position taken by the United States change our position, or is it in the course of influencing our position?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall make all those inquiries of Mrs. McDougall.

DELAYED ANSWER TO ORAL QUESTION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have one delayed answer to a question raised by Senator Olson on October 22 regarding federal support for the grains sector.

AGRICULTURE

FEDERAL SUPPORT FOR GRAINS SECTOR—GOVERNMENT POSITION

(*Response to question raised by Hon. H.A. Olson on October 22, 1991*)

> The $800 million, ($700 million for the grains and oilseeds sector) announced October 10, 1991 represents new funds in addition to that to be provided under the terms and conditions of GRIP and NISA.
>
> The payments from the $700 million will be made in two instalments. Most farmers will receive the first instalment beginning in late December and January and the final instalment in April.
>
> Delivery mechanisms for grains and oilseeds crops will vary from region to region. These different systems take into account unique circumstances in various regions across the country.
>
> For prairie provinces, a first instalment of $5 per seeded acre will be made beginning in December 1991, with the final instalment payment expected before spring seeding.

The final instalment will also include a payment on eligible forage and summerfallow at a rate of 25 per cent of the payment on seeded acres.

The various delivery options were developed by the Grains and Oilseeds Third Line of Defence Committee, which is comprised of representatives of industry, the financial and academic communities and federal and provincial governments.

CRIMINAL CODE
CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE SUSPENDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Berntson, seconded by the Honourable Senator Forrestall, for the second reading of Bill C-17, An Act to amend the Criminal Code and the Customs Tariff in consequence thereof.

Hon. Richard J. Stanbury: Honourable senators, I wish to thank Senator Berntson for his clear and comprehensive description of Bill C-17 of last Thursday. I am sorry I was not in the chamber at that time, Senator Berntson, but I read your remarks carefully in *Debates of the Senate*, and I appreciated them. I know that Senator Berntson's strong case for the passage of the bill, the government's most recent attempt at gun control legislation, has found many supporters among us here in this chamber.

I too wish to offer my support for the principle of this important bill. Although Bill C-17 is not the ideal to which I subscribe, I recognize and commend the improvements over the current law that have been included in this bill, and I am prepared to accept this as a compromise and a necessary step forward.

● (1520)

The Senate has been waiting for gun control legislation for almost two years and, during that time, the country has been anxious for a new firearms law. Today we have a good start—even a milestone of sorts. I congratulate the Minister of Justice for her continued efforts, even when faced with opposition from within her own caucus. She has built a compromise. I would hope that this compromise, like many other Canadian compromises over the years, will form a workable foundation for future improvements.

The need for stronger gun control in this country is real. Implementation of these controls is vital to retarding the proliferation of deadly weapons and, most important, the controls are needed to help in the fight against violent crime.

On December 6, 1989, that need was drastically and viciously illustrated at l'école Polytechnique in Montreal. The horror of the events of that day have ignited a grassroots campaign to control the proliferation of firearms in Canada. Throughout that campaign, the name of the perpetrator has been used too often and the names of the ladies who were victims have been spoken far too seldom. Therefore, I would like to repeat their names now as a form of remembrance: Geneviève Bergeron, Hélène Colgan, Nathalie Croteau, Barbara Daigneault, Anne-Marie Edward, Maud Haviernick, Barbara Maria Klueznick, Maryse Laganiere, Maryse Leclair, Anne-Marie Lemay, Sonia Pelletier, Michele Richard, Annie St.Arneault, Annie Turcotte.

I recognize that this bill, and even gun control in general, is not a panacea or a cure-all for violent crime. Violent crime and in particular, violent crime against women must be addressed through a series of measures. This bill has little effect on violence. However, it can have a great deal of impact on the manifestations of that violence. For instance, this bill cannot stop an abusive husband from lashing out at his wife. What this bill can do is help make it difficult for that husband to lash out with a gun. We all know that guns are a particularly efficient way of killing. One-third of victims shot with guns will die. Guns can be used at a distance, they can be used without too much planning, and they can turn an accident into a fatality. They make killing particularly easy and they, more often than not, make an attempt on a life a murder. We need to take away the ability of violent people to commit crime with a gun and reduce the risk of a gun being an element in a serious accident.

The limitation on access is a central theme in the legislation. The bill creates an environment where the opportunity for criminals and potential criminals to gain access to guns is greatly reduced. At the same time, though, the inconvenience and encroachment on the privileges of legitimate gun owners is relatively slight. For instance, the Firearm Acquisition Certificate—or FAC as it is called—process installed in this bill is aimed at ensuring that criminals will not be able to legally buy firearms, while legitimate users will not encounter any real impediments. Similarly, other provisions make it much more difficult for potential offenders to steal guns from legitimate gun owners; and still other conditions of the bill restrict the type of firearms which can be sold.

I would like to address more closely these facets of the legislation. First of all, with the FAC, Bill C-17 offers documentation, administration and supervision for the process of purchasing firearms. A comprehensive yet fair screening process will be employed. Specifically, the bill includes the following. The tightening of the screening procedure of gun applicants for FACs; the raising of the minimum age for receiving a Firearms Acquisition Certificate to 18 years from 16; the introduction of a mandatory 28 day waiting period for FAC; the requirement for each FAC applicant to be guaranteed by two referees; the allowance for a fee to be charged to FAC applicants to maintain a system of self-financing; and the provision for photographs on the FAC.

As I mentioned, beyond the provisions that will make it difficult for criminals and potential criminals to gain access to firearms through lawful means, Bill C-17 will also make it more difficult for guns to be stolen from lawful gun owners for the purposes of crime, or for selling on the black market.

Under current law, no specific safe storage requirements exist: Under Bill C-17, there are provisions that would require all firearms owners to meet regulations outlining secure storage; ultimately, to take seriously the extraordinary responsibility that goes along with the ownership and use of weapons. Those who do legitimately own and use guns will be required to keep their weapons under secured condition or be subject to charges under the Criminal Code.

Perhaps of greatest interest to the victims of gun-related violence and their families are the provisions for limits on the extent of allowable firepower that a gun can produce. Bans or restrictions on certain firearms and stipulations on the size of cartridge magazines is a central tenet of this bill and begins to address the catastrophe that these dangerous weapons can cause when placed in the wrong hands. A general tightening up of rules affecting lawful firearms was needed and has been addressed through the bill and its proposed regulations. Still, I hope that further movement will be made by the Government's Advisory Council on Firearms, and by the cabinet in the coming months in their consideration of which guns require restricted status.

Of course, there are still other legislative avenues that should be taken to control the criminal use and proliferation of firearms. This particular legislation would best be considered as a healthy foundation for a future round of improvements. For instance, I would like to see Parliament consider some fresh ideas for control, including a national registry and licensing system, the control of ammunition, and a requirement for the mandatory reporting of lost or stolen weapons by their owners.

I expect that there will be some discussion in committee and in the chamber about various ills honourable senators perceive in this bill. I expect that some of the ideas I just listed will be mentioned in the committee. I know for sure that there will be serious discussion regarding the very legitimate concern that Senator Marshall outlined in the chamber last Thursday. I must confess that earlier I, myself, felt that we should press for some strengthening amendments.

However, in contemplating possible changes to this bill, I would suggest that the reality of the situation at hand requires our consideration and attention. There was an effective compromise in the other place when this bill was debated there. Whether that compromise will withstand another round of debate in that place is a question that has not been answered, and I am not at all sure that I want to subject an acceptable bill to the risk of defeat and the breakdown of compromise.

• (1530)

I do not want to preclude debate in any way. In fact, I would like to see a full consideration of ideas so that when the government makes an attempt to introduce further gun control legislation in future years, it will have a road map from the Senate for its changes. In fact, if the concerns that Senator Marshall has expressed are not satisfied in the terms of the bill in its exception for the military, then I would think that it would be a perfect opportunity to draft a Senate bill, a bill in this case that would ensure special provisions for the cadet program.

Nevertheless, I think that the utility of passing this bill now to get some guns off the street, others out of the hands of criminals, and still others safely stored, is paramount. The sooner this legislation becomes law, the better for those who are potential victims of violence and the better for our society as a whole.

Finally, honourable senators, I would like to reaffirm my support for the principle of the bill. Primarily, we should remember that this is a public safety bill. Consequently, where we can reasonably make the appropriate allowances for safe, responsible and lawful gun owners, we should do so. However, when we measure the rights of the community at large against the privileges of gun users, the privileges are outweighed by the rights. I congratulate the Minister of Justice on her ability to formulate a workable compromise between the rights and the privileges.

Honourable senators, we have been given an opportunity to make a law that will have a positive impact on a very large portion of the Canadian population. We have an opportunity, given the proximity of the December 6 anniversary and remembrance date of the Montreal tragedy, to offer both a symbol as well as a tangible and indispensable set of new laws and regulations to the people who have invested so much of themselves in this legislation. I would hope that we will take full advantage of this unique and important opportunity.

Honourable senators, I would like to support Senator Berntson's motion that Bill C-17, to amend the Criminal Code and the Customs Tariff, should now receive second reading, and further, that this bill be referred in a timely fashion to the Standing Senate Committee on Legal and Constitutional Affairs for closer consideration and discussion.

Hon Jack Marshall: Before you decide on moving second reading, I have a comment on one segment of the bill. Before I do so, I would like to congratulate Senator Stanbury on taking up the cause which I am about to speak on, and also my compliments to Senator Berntson for his answers the other day on the questions I put to him.

The Hon. the Speaker: Senator Marshall, pursuant to rule 136(8), I must interrupt you and suspend the debate. You will be recognized when the sitting is resumed following the Royal Assent ceremony. The Senate will now adjourn during pleasure to await the arrival of the Honourable the Deputy of the Governor General.

The Senate adjourned during pleasure.

• (1540)

ROYAL ASSENT

The Honourable Claire L'Heureux-Dubé, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, having come and being seated at the foot of

the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Railway Act (grain and flour subsidies) (*Bill C-11, Chapter 37, 1991*)

An Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof (*Bill C-8, Chapter 38, 1991*)

The House of Commons withdrew.

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

• (1550)

The sitting of the Senate was resumed.

CRIMINAL CODE
CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the order:

Resuming the debate on the motion of the Honourable Senator Berntson, seconded by the Honourable Senator Forrestall, for the second reading of Bill C-17, An Act to amend the Criminal Code and the Customs Tariff in consequence thereof.

Hon. Jack Marshall: Honourable senators, as I was saying before I was interrupted by such a high office, I rise to address one segment of Bill C-17 which was either overlooked by those responsible for drafting the legislation, or which was not given serious thought. It is certainly not as clear as it should be.

While I have had more than a few representations on what were considered inequities in the bill, my own priority interest in raising an important oversight in the bill has to do with the negative effect it will have on some 50,000 to 60,000 of our youth who serve in the Cadet League of Canada's Army, Navy and Air Force.

I am well aware of the terrible effects that firearms have on human beings, and there are countless stories which emphasize the events that have taken the lives of innocent citizens unnecessarily. Like all members of this chamber, I have no desire to see guns spread uncontrollably among the population of our country. I feel that Bill C-17 is an adequate step in limiting general access to dangerous weaponry.

However, I feel just as strong that this piece of legislation carries with it an effect that is extremely negative upon the 60,000 young men and women who compose the Cadet League of Canada, as well as the 6,000 who serve on the Cadet Instructor List.

Honourable senators, I have had a long association with the cadets and have served side by side with Senator Molgat, who is a distinguished past President of the Army Cadet League of Canada, as well as a respected and renowned member of the executive of the Army Cadet League at present. It is without doubt the most popular and beneficial program ever designed for our youth, and is a credit not only to the Department of National Defence, which oversees it, but to all governments of Canada which have supported the movement over the years. I believe that the organization has been in existence for over half a century.

The cadet movement is an organization that fosters a positive sense of patriotism, duty, and personal responsibility among the young people of our nation, as well as leadership and citizenship. Cadets are instructed by members of the Armed Forces in many worthwhile activities, including the responsible use of military firearms. Under extremely tight supervision, cadets practise on firing ranges with firearms belonging to the Armed Forces.

However, the bill before us, if passed unamended, would have the unfortunate and unintentional effect of denying cadets the opportunity to use certain restricted and prohibited firearms, including the C-7 rifle, the standard small arm of our forces.

I do not need to say, honourable senators, that I am not arguing that cadets, who are between the ages of 12 and 18, should be allowed personally to possess military firearms. It is quite the contrary. The amendment I will propose simply would exempt cadets from the provision of the bill when they are executing their training under the authority and supervision of the Armed Forces.

Statistics clearly show that the number of firearms accidents occurring during cadet activities is negligible. That has been the case for many years. I agree with the minister when she states that the bill seeks to reduce the danger to the general public from firearms. Strict, controlled use of restricted and prohibited weapons by cadets does not pose any threat to the Canadian public. Their firearms training occurs on Department of Defence property, safely isolated from the public.

If anything, honourable senators, the sort of exposure to firearms that cadets receive is conducive to the principles of this bill. Young men and women are fully taught the dangers and risks that guns hold; their instruction does not in any way romanticize weaponry; and it is a necessary element of the training they receive in preparation for what may some day be careers in the Armed Forces. I point out with a deep sense of satisfaction that some 60 per cent of our cadets have chosen a military career either in the reserves or in the regular force.

Honourable senators, the amendment I intend to propose at the appropriate time does not in any way seek to weaken or undermine this piece of legislation. I agree fully with the fundamental principle, which is the need to strictly limit access to dangerous weapons among the general public.

The Cadet League of Canada, however, stands to lose a vital element of its purpose if its members are unnecessarily denied access to certain firearms. The amendment does not in any way seek to allow legions of young people personally to possess firearms. It simply allows for them to fulfil their duties under

the rigorous, safe and responsible supervision of the Canadian Armed Forces.

I will not read my amendment now but propose it at the opportune time.

Honourable senators, my interest in the effects of Bill C-17 has been longstanding. As early as March 25 last, I wrote to the minister proposing that she appoint an additional member to the Canadian Council on Firearms which she appointed on October 4, 1990. I quote from that letter which states:

> May I suggest that you consider an addition to the Council of a representative of the Cadet League of Canada, to offer the point of view of our 65,000 members in the cadet movement. The cadet movement has done so much for youth in their program to enhance citizenship, and it is important that the movement be represented on the Council to take into account their particular interest in military training, which is so vital to our future leaders.

The minister did not agree with me. She said that if there happened to be a change later on, she would consider it. I have not heard from her since.

I also wish to put on the record the answer the minister gave to the President of the Army Cadet League who wrote to her on December 12, 1990. In her response of April 18, 1991 she stated:

> Since the Canadian Forces are of the opinion that cadets are not "members of the Canadians Forces" within the meaning of that term as it is used in paragraph 92(1)(a) of the Criminal Code, I am informed that cadets are not generally allowed to possess fully-automatic firearms in the course of their training.

No one said they were allowed. She goes on to state:

> Whether cadets should be permitted access to "sophisticated" military firearms depends, therefore, on the status of those weapons under the provisions of the Criminal Code. Clearly, there must be some restrictions on access to military firepower and, in view of the danger to public safety that arises when high firepower weapons are too easily available, any exemptions to those restrictions must be narrowly drawn.
>
> While I am aware of the value of cadet training for the Canadian Forces and those fortunate enough to participate in such training, I cannot say that I disagree with the application of the law or the currently proposed changes in it.

I have copies of the letter for the record.

Honourable senators, I place this material on the record so that senators will be aware of my thoughts on this matter. I have read the letters from the minister to the President of the Army Cadet League. They are reasonable. I think that there is something missing in the bill.

Through the proper procedures at the appropriate time, I will introduce my amendment.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before Senator Berntson closes off the debate, I would like to say a few words. I will not repeat the presentation made by Senator Marshall. I think he put the case well. His was certainly not by any means an attempt to have cadets own firearms. They do not own firearms, nor do we want them to do so. This is certainly very much part of their training.

• (1600)

However, I would like to point out that the army cadet movement is important right across Canada. It is represented in every province. In fact, the province with the highest number of army cadets is Quebec. They are scattered throughout that province and they represent in many communities a Canadian vision and a Canadian attachment. These young people have the opportunity during the summer to go to summer camps in various parts of the country to mix with other young Canadians. I think it is an extremely important part of citizenship.

The handling of military weapons is part of their training. It is done under supervision. We do not seek anything different than that, but we believe that it is important to that particular movement. Remember that other cadet movements have an interesting focus; for example, in the air force, cadets have access to gliders and to travel in airplanes. Many of these things the army cadets do not have. The rifle shooting, the training with firearms is an essential part of the army cadet training. We want it to be able to continue under supervision. We ask for nothing else, simply the ability to do as they presently are doing.

The Hon. the Speaker: I wish to inform the Senate that if the honourable Senator Berntson speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Eric Berntson: In closing debate on Bill C-17, I will take a couple of minutes to thank Senators Stanbury, Marshall and Molgat for their contributions to the debate here today. I think, Senator Stanbury, that your views are shared by a great many people both inside and outside of Parliament.

This bill truly is the product of a very, very long process of accommodation, negotiation and compromise. While it may not be a perfect bill, I believe that it is a good bill, perhaps even better than we know. Over the course of the next few days, while the bill is before the committee, I hope that answers to the questions that have been raised by all honourable senators will be provided to the satisfaction of all members.

Referring to what I will call the cadet question, my understanding has been, and is today, that there is nothing in this bill that will take anything away from the rights which cadets already enjoyed under previous legislation. I may be in error, but I intend to find out sooner, rather than later, and I hope to answer that question to the satisfaction of both Senator Marshall and Senator Molgat.

I want to thank all of those who have made a contribution to the process that finally culminated in this bill. It was a very long and, at times, a very emotional process. I want to thank

everyone, both inside and outside of Parliament, who has in any way contributed to that process.

Ere I go back to my old life, Mr. Speaker and honourable senators, I hope I am procedurally correct when I say that I therefore move second reading of Bill C-17.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Berntson, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Bélisle, for the second reading of Bill C-10, An Act to amend the Excise Tax Act and the Excise Act.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I was not here when this bill was debated at second reading. I understand that Senator Balfour was kind enough not to proceed with his final second reading motion on the assumption that I would want to speak to the matter, on the basis, I take it, of the reputation that I gained around here some years ago on the subject of smoking.

Whatever the reason was or is, I did read the intervention of Senator Marsden, and I have nothing to add to what she has said.

Hon. Wilbert J. Keon: Honourable senators, I spoke in support of Bill C-10, an act to amend the Excise Tax Act and the Excise Act, passed in the House of Commons on October 21. The tax on cigarettes will be approximately equivalent to 5.17 cents per cigarette. A similar tax will be levied on tobacco sticks; a tax of 35.648 dollars per kilogram on manufactured tobacco; and on cigars, a tax of 65 per cent.

For a one-pack-per-day cigarette smoker, this represents $1.03 daily. That tax paid by an addicted smoker during a 20-year-period is $7,519. This barely covers a 10-day routine hospital stay and, in fact, will only cover about 50 percent of the cost of an uncomplicated open heart operation, which I perform frequently.

Virtually every medical organization, association or society in the world, including the World Health Organization, over the past 20 years has joined in the condemnation of cigarette smoking and other uses of tobacco. The amount of information available on this subject is staggering. I would not attempt to cite the reports and references, but I would like to restate the issue and attempt to summarize where we are and where we are going with this massive health problem.

I will frequently refer to and paraphrase information from the report prepared for the Royal College of Physicians and Surgeons of Canada by Dr. David Sacket, the chairman of the Health and Public Policy Committee of the college. Allow me to cite a few key statements from his report.

Every 18 months, cigarettes kill more Canadians than all those who died serving their country throughout World War II. Canadians now die from smoking at a rate equivalent to the crash of a jumbo jet every four days. If the number of cigarette smokers in Canada is to be kept constant, each week, 800 children must begin smoking to replace the 800 people who have died of smoking-related disease during that week.

Premature death is not the only hazard of smoking. There is unequivocal evidence, for example, that cigarette smokers miss more work than non-smokers. They use more health care services than non-smokers. Cigarette-caused fires are a major safety hazard. There is an increased risk of bronchitis and pneumonia among the infants of smoking parents. Indeed, even in a heavily industrialized area such as Hamilton, Ontario, children's lung function and respiratory illness is determined more by their mother's smoking habits than by atmospheric pollution. A number of studies have demonstrated that passive smoking, that is, exposure to second-hand cigarette smoke, can cause lung cancer in non-smokers.

In 1986, the Royal College, in fulfilling its duty to promote the health of all Canadians, urged the execution of four specific steps to reduce the toll of unnecessary disability and needless death from cigarette smoking; One, smokers who wish to stop smoking should receive help. Two, non-smokers should be protected from secondhand smoke. Three, children should be taught not to smoke. Four, Canada should stop growing tobacco.

• (1610)

The overwhelming majority of smokers would like to quit. Strategies have already been identified, some that work, and more trials are under way. More research into the causes and cures of smoking is needed.

The federal government launched a national strategy to reduce tobacco use in October of 1985 through Health and Welfare Canada in collaboration with provincial and territorial counterparts and national organizations. Its three goals were to protect the health and rights of smokers, to help non-smokers to stay smoke free and to help and encourage those who want to quit smoking to do so.

The department produced a background paper on stopping smoking in teenagers in collaboration with other agencies. Free smoking cessation programs for all public servants wishing to quit smoking are provided. All the provinces and territories in Canada, in cooperation with voluntary agencies, have introduced extensive measures to help people stop smoking. Ontario's Chief Medical Officer of Health recently called for everyone to tackle their top health problem, which is smoking.

Regarding the protection of non-smokers and secondhand smoke, as of January, 1990, the federal government, with the Non-smokers' Health Act, provided a smoke-free working environment in most federally regulated workplaces. In addition, all domestic international air flights of less than six hours' duration are now smoke free with international flights

scheduled to be totally smoke free by July, 1993. Smoking is banned on inter-city buses and restricted on trains and in all transport terminals. All provinces and territories are working toward smoke-free working environments.

Enormous effort has gone forth in teaching children and teenagers not to smoke. The federal government has introduced the Peer Assisted Learning Smoking Preventive Project which is widely used in schools across Canada. Also, the "Break-Free/Fumer c'est fini" public awareness and information campaign has been designed to appeal to youth and target groups. An educational brochure entitled "Kids Decide But Parents Can Tip the Scales" was recently produced by the federal department and has been widely distributed across Canada. A number of other projects are under way. For example, "Break-Free All Stars" is an amateur sports project designed to promote non-smoking as a positive life style behaviour among eight to ten-year-old athletes. There are also teen cessation programs under way, as well as ongoing studies on smoking behaviour among Canadian youth. In the provinces and territories, extensive programs are under way.

Serious efforts are also being made in Canada to phase out the growing of tobacco. The federal government, through Agriculture Canada, has developed programs to ease the economic dislocation experienced by tobacco cultivators in Prince Edward Island, Ontario and Quebec. Although the Canadian capacity currently provides for 99 per cent of the Canadian market of about 6 million smokers, any one American tobacco company could supply Canada's entire market with Canadian style cigarettes.

In Ontario, the Ministry of Agriculture is trying to discourage tobacco crop growth. Research is under way to develop alternate crops of tobacco. Unfortunately, tobacco remains the second most important cash crop in Ontario. In British Columbia, tobacco growers are taking advantage of joint federal initiatives to help them get out of the tobacco-growing business. Now there are only five tobacco growers in the province with about 300 acres under cultivation.

In Prince Edward Island, the Tobacco Transition Adjustment Initiative Program, which began in 1986, is gradually shifting tobacco growing land to other activities.

All of this, honourable senators, gives an indication of the joint efforts that have been put forth in Canada by governments, authorities, associations, health providers and citizens at every level to deal with this tremendous problem.

Indeed, it is gratifying to see that while Canadians of different political persuasions, cultural backgrounds and geographic origins seem to have great difficulties in coming together in the past few years regarding constitutional matters, when a problem of this magnitude surfaces they are united in a common goal for its control and elimination.

Unfortunately, a great deal more remains to be done. In 1988, a Gallup poll by the Canadian Heart and Stroke Foundation and the Canadian Cancer Society found that 90 per cent of adult Canadians did not identify cigarette smoking as a leading cause of premature death in Canada. In addition, it pains me to say that 72 per cent did not identify heart disease when asked about the consequences of smoking.

Female smokers demonstrated a dismal knowledge of the risks of smoking during pregnancy. Only 40 per cent knew of the risk of miscarriage, and only 30 per cent knew of the risk of having stillborn children.

The overall rate of smoking in Canada is still too high, despite our recent success. It is clear, however, that the over 30 per cent decline in tobacco consumption that was observed during the 1980 to 1990 decade is attributable in large part to Canada's national strategy to reduce tobacco use, of which fiscal policy is an integral part.

Bill C-10 is therefore an integral part of the national comprehensive plan. It is based on the known relationship between prices of tobacco products and the demand for these same products. This relationship is known in economic jargon as the price elasticity of demand for cigarettes. The most widely recognized estimates of this price elasticity have yielded a figure of about 1.4, which means that a price increase of 10 per cent will reduce consumption by 4 per cent.

These numbers are well documented in texts such as "Reduce the Health Consequence of Smoking, 25 Years of Progress", by the Surgeon General of the United States, and in other research conducted by Eugene Lewitt of the New Jersey Medical School and Mr. Neil Comeshaw of Health and Welfare Canada. Lewitt's work is particularly interesting since it indicates that teenagers, due to a low income and the fact that many are not yet addicted to nicotine, have an elastic response to a price increase of 0.4, which means that a cigarette price increase of 10 per cent will reduce consumption by 14 per cent in this age category. Considering that the very large majority of Canadians start smoking when they are minors, tax increases such as that represented in Bill C-10 will have a major effect on the number of youngsters who will quit smoking or will never start. In fact, the overall number of smokers would decrees dramatically if we could prevent youngsters from getting hooked on cigarettes.

Health agencies in Canada have estimated that up to 700,000 Canadians will quit smoking because of Bill C-10. As important, 100,000 teenagers will quit smoking and another 30,000 will never enter the market. The future tobacco deaths avoided as a result could reach beyond 170,000 lives, a number equal to four times the total number of Canadians casualties experienced in World War II.

There are excellent indications that Canada is leading the world toward a relative reduction of 10 per cent per capita consumption of cigarettes for 1991. This is compared to 4 per cent in the U.S. and 5 per cent in the United Kingdom. Bill C-10 helps us maintain that leadership.

In summary, Bill C-10 is an effective countermeasure against the leading cause of death in Canada, an effective countermeasure against one of our leading health economic burdens, an effective countermeasure against a major cause of suffering and disability, and an effective countermeasure

against the widespread use of one of the most addictive substances known to humankind.

I believe strongly, therefore, that it is the collective responsibility of all of us to support this legislation.

• (1620)

Hon. Stanley Haidasz: Honourable senators, I beg your indulgence to make a few remarks with respect to Bill C-10. We have just heard an excellent speech by Senator Dr. Keon, especially as tobacco is related to its effects of smoking on the cardiovascular system. As we all should know, smoking is associated with cancer of the bronchi, the larynx, pharynx, and the tongue. Some experts say tobacco also has a role to play in cancers of the pancreas and of the urinary bladder.

Given that this bill is amending the excise tax, I wish to bring you up-to-date on some tax information from the Department of National Health and Welfare. Federal government revenues related to tobacco taxes are estimated by economist Arthur Danner to be approximately $3.1 billion in 1990. The combined provincial and federal taxes on tobacco products come to approximately $7 billion. The other point I wish to make is that it costs the Canadian economy anually almost $20 billion—and that is the estimate way back in 1986—to deal with tobacco-related illnesses, loss of time at work, productivity, pensions, etcetera. In addition to that, it costs Canadians another $60 million annually to defray the costs involved with tobacco-related fires that occur frequently. According to this economist, there were 4,750 fires caused by tobacco smoking across Canada. $20 billion plus $60 million is the total staggering cost to the Canadian economy, according to updated statistics.

I hope to hear that the committee studying Bill C-10 will take into account the necessity, at least the plausibility, of vigorously promoting smoking cessation programs. I have in my hand a pamphlet issued recently by Health and Welfare Canada. It outlines 27 programs that would help a smoker to quit this bad habit. 20 of these are called "tobacco cessation programs," both self-help and group programs. It describes the information kits. It also talks about the availability of programs in various languages and their costs.

In view of the huge loss to the Canadian economy and other social and personal costs of tobacco smoking, I believe the government should cover the costs of any smoker who would try these programs to stop their bad habit. For example, as a physician, I often prescribe nicotine gum to my patients to stop smoking, but it is not 100 per cent effective. Furthermore, it is not covered by any provincial drug program. Given the cost of the pharmacist's prescription fee and the cost of the product, nicotine gum can come to about $20 for just one week's treatment. I want to see the committee to study and evaluate these smoking cessation programs and to study my suggestion that the federal government allow, for income tax purposes, the costs that smokers pay to try these smoking cessation programs.

Some Hon. Senators: Hear, hear!

Motion agreed to and bill read second time.

[Senator Keon.]

REFERRED TO COMMITTEE

On motion of Senator Balfour, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

SCRUTINY OF REGULATIONS

CONSIDERATION OF THIRD REPORT OF JOINT COMMITTEE

The Senate proceeded to consideration of the third report of the Standing Joint Committee of the Senate and the House of Commons for the Scrutiny of Regulations (Indian Health Regulations) presented in the Senate on November 19, 1991.

Hon. Normand Grimard: Honourable senators, I rise today regarding the third report of the Standing Joint Committee of the Scrutiny of Regulations. This report was presented to the Senate on November 19th, and I wish to thank my colleague, Senator Ottenheimer, who kindly agreed to present this report on my behalf. I should also note that after I have concluded my remarks, I will not seek the Senate's approval of this report, since it was presented to the Senate only for the information of honourable senators.

Those senators who have had a chance to read the third report of the joint committee will have noticed that it is different from other reports of that committee which have been tabled in the Senate in the past. The third report is a report to the House of Commons in which the Joint Committee for the Scrutiny of Regulations proposes the disallowance of certain provisions of the Indian Health Regulations.

Prior to 1986, there existed no general disallowance procedure in Canada. That year, following recommendations made by a parliamentary committee, the government agreed to the introduction of a disallowance procedure in the Standing Orders of the House of Commons which authorizes the Joint Committee for the Scrutiny of Regulations to make a report containing a resolution that a statutory instrument, or a portion thereof, be revoked. Once the motion for concurrence in such a report has been placed on the House of Commons' Order Paper, a minister of the Crown may request a debate on the disallowance resolution. At the conclusion of the debate, the House of Commons will be asked to vote on the report. If the disallowance resolution is rejected, that is the end of the matter. If, however, the vote is in favour of the disallowance resolution, that resolution becomes an order of the house directed to the ministry that it revoke the statutory instrument.

• (1630)

Another possibility is that no request for debate is made by a minister of the Crown. In that case the Standing Orders provide that after 15 sitting days, the disallowance resolution automatically becomes an order of the house that the statutory instrument be revoked. It is in accordance with this procedure that on November 18, 1991, the House of Commons ordered for the very first time that an instrument of delegated legislation, the Agricultural Exhibition Loans Order, be revoked by the Governor in Council. The report which was presented to the Senate on November 19 last, and the one that I discuss

with you now, will, if accepted, result in a second order to revoke certain provisions of the Indian Health Regulations.

[*Translation*]

As Joint Chairman of the Standing Joint Committee on the Scrutiny of Regulations, I must say that the disallowance procedure I just described does not quite reflect the recommendations made previously. When it was introduced in 1986, the present disallowance procedure was criticized by the committee I chair today, for three reasons.

First, the committee has always maintained that a disallowance procedure must have a legislative basis. In other words, the existence and application of such a procedure should be laid down in an Act of Parliament, but that is not the case unfortunately.

Second, the committee's view has always been that a disallowance procedure should provide that either Chamber may disallow a regulation or other statutory instrument. However, as I explained earlier, a disallowance procedure can only take place before the House of Commons.

Finally, the committee observed that the procedure adopted in 1986 only provided for disallowance of a certain type of regulations: those issued by a minister or by the governor in council. Consequently, a substantial number of regulations are not subject to the disallowance procedure, such as the regulations adopted by the National Transportation Agency, the Canadian Radio-television and Telecommunications Commission, and the Atomic Energy Control Board. A disallowance procedure laid down in the form of legislation would make all these regulations subject to parliamentary control, on the same basis as regulations issued by ministers or by the governor in council.

That being said, honourable senators, it must be admitted that the procedure agreed to by the government in 1986 was a major step forward. In all major parliamentary democracies in the Commonwealth, parliaments have for a long time had parliamentary mechanisms or procedures for monitoring delegated legislation. Ours, adopted by the House of Commons in 1986, came in response to a real need.

[*English*]

Honourable senators, while the disallowance procedure I have described is a House of Commons procedure, this does not mean that it does not concern this chamber. The Senate is indeed concerned because the committee that is authorized to initiate the disallowance of a statutory instrument is a joint committee of the Senate and of the House of Commons. Through its participation on the joint committee, the Senate does play a part in the procedure.

The recent disallowance of the Agricultural Exhibition Loans Order by the House of Commons and the eventual disallowance of the regulatory provision mentioned in the third report are proof of a significant and important improvement in our collective ability to ensure that the legislative powers we so often, and almost routinely, delegate to the executive are exercised in accordance with the law and in a manner that respects the rights and liberties of the people of this country.

Also, it should be noted that decisions of the House of Commons on disallowance resolution will not be treated as involving a question of confidence in the government. In this regard, I note that shortly after the new procedure was introduced, the Right Honourable Ray Hnatyshyn, then President of the Queen's Privy Council and minister responsible for regulatory affairs, gave members of the joint committee for the Scrutiny of Regulations the assurance that a vote on a disallowance resolution adopted by the joint committee "is not a matter of confidence in the government" and that "all Members of Parliament will be able to vote with respect to this particular item as they see fit."

[*Translation*]

Honourable senators, I thought it would be useful to draw your attention to this rather unusual subject. I would ask you to take a few minutes to read this third report, and if you need further information, please let me know.

Thank you.

[*English*]

The Hon. the Speaker: If no other senator wishes to speak, this report will be considered debated.

PRIVATE BILL

METROPOLITAN GENERAL INSURANCE COMPANY—BILL TO AMEND ACT OF INCORPORATION—SECOND READING

Hon. John Sylvain moved the second reading of Bill S-6, to amend the Act of incorporation of Metropolitan General Insurance Company in order to authorize its continuance under the laws of the Province of Quebec.

He said: Honourable senators, the Metropolitan General Insurance Company was incorporated by Chapter 51 of the Statutes of Canada, 1956 and is governed by the Canadian and British Insurance Companies Act. In April, 1987, the Metropolitan General Insurance Company was acquired by Metropolitan Life Insurance Company, the large mutual life insurer whose Canadian head office is located in Ottawa.

• (1640)

Metropolitan General Insurance Company operates as a direct writer of automobile and personal property insurance. Its insurance agents deal directly with customers without the intervention of independent insurance brokers. It derives all of its premium income in the province of Quebec.

The total volume of gross written premiums of Metropolitan General Insurance Company in 1990 was $12.2 million. At the year end, the company had 26,281 policies in force.

Following net losses of more than $5 million in each of 1989 and 1990, Metropolitan General Insurance Company's parents announced in January, 1991, that it would cease operations as of the end of March, 1991, if a purchaser could not be found.

On June 4, 1991, the Commerce Group Insurance Company, a federally chartered insurance company and one of the two operating companies making up Commassur Inc., a leading property and casualty insurance group in Quebec, acquired Metropolitan General Insurance Company. Following the pur-

chase, and in order to improve the financial strength of Metropolitan General Insurance Company, the Commerce Group Insurance Company added $9 million to the capital stock of Metropolitan General Insurance Company, more than trebling the company's capital and surplus.

The Commerce Group Insurance Company does business exclusively through insurance brokers while Belair Insurance Company, another member of the Commassur Inc. group, like Metropolitan General Insurance Company, deals directly with customers without the intervention of insurance brokers. Belair Insurance Company is incorporated under the Quebec Insurance Act.

Metropolitan General Insurance Company, a direct writer of insurance, wants to continue under the laws of Quebec in order to merge with Belair Insurance Company, also a direct writer of insurance. The management of Metropolitan General Insurance Company believes that it can offer more competitive products and improve services to policyholders by merging with Belair Insurance Company, a company well known and well respected among the insurance-buying public in Quebec. With its computer system and its distribution network of 35 sales offices, Belair Insurance Company will absorb an increase of its premium volume at low marginal cost. The synergistic effect of the merger should bring a positive contribution to the Commassur Inc. group's profitability over the next few years. As well, the acquisition of Metropolitan General Insurance Company by Commerce Group Insurance Company Inc. and its merger with Belair Insurance company will ensure that more that 40 jobs, which would have been lost had the company discontinued operations, will be saved.

In order to be continued under the laws of Quebec, Metropolitan General Insurance Company must be authorized to do so under its basic legislation, and this can only be done through a private bill before the Parliament of Canada. At a special general meeting of shareholders held on November 5, 1991, the continuation of Metropolitan General Insurance Company under the laws of Quebec was unanimously approved.

In conclusion, honourable senators, the proposed transfer of jurisdiction of Metropolitan General Insurance Company is clearly beneficial to its shareholders, customers, and the general public. Consequently, I would ask honourable senators to give this bill appropriate consideration so that the company will be able to carry out its plan as soon as possible.

Hon. Peter Bosa: Honourable senators, I have listened very attentively to the remarks made by Senator Sylvain, and I find nothing controversial in this legislation. I do not think there are any objections on this side to giving the bill speedy passage. I understand that Senator Sylvain intends to move that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs, wherein perhaps some of us might wish to pursue some questions and some further information.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the other day Senator Sylvain asked for leave, and I regretted that I could not grant leave at that time. I am pleased that the bill is now before us and will not be held up. I only want one assurance from him. My concern would be that nothing in what is being proposed will be of any damage to any of the shareholders or to any of the policyholders. I would like to have that assurance from him, that neither of these two groups, who I presume are the only interested ones, will be hurt by this legislation.

Senator Sylvain: Honourable senators, I can certainly assure you that none of the stockholders would be damaged since we are dealing with the same shareholders in the one company and in the other. It is a transfer from one pocket to the other.

The policyholders, on the other hand, are in much better hands since the company that carried their risk was about to close had this company not been sold to this group. They are being advantaged in that their policies are now with a group which is a first-class group with enormous financial strength, and they will be well looked after.

Motion agreed to and bill read second time.

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

REFERRED TO COMMITTEE

On motion of Senator Sylvain, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

VIOLENCE AGAINST WOMEN IN CANADIAN SOCIETY

DEBATE ADJOURNED

Hon. Royce Frith (Leader of the Opposition) rose pursuant to notice:

> That he will call the attention of the Senate to the violence against women in Canadian society and the desirability of investigation of the subject by a Senate Committee.

He said: Honourable senators, I have to say a word about this inquiry in order to save it from rule 28's guillotine, this being its last day before death unless I say something about it.

An Hon. Senator: Revive it.

Senator Frith: I thought of reviving it, of course, but I want to say just this about it: This inquiry is an inquiry that renews or revives a previous inquiry dealing with the question of violence against women in Canadian society. The original inquiry did not directly refer to the possibility of an investigation of the subject by a Senate committee. The present inquiry does so. It therefore has to be looked at in the context of a panel that has been established to look into this question.

When Dawn Black, the NDP Member of Parliament for New Westminster-Burnaby, proposed private Bill C-202, she wrote to me asking for support. I wrote back telling her I would support the bill and mentioned to her that I had this inquiry and that it was a renewal of a previous inquiry. I asked her whether she thought the panel on violence against women

was a sufficient solution to the problem that is addressed by this inquiry, at least for the moment. She wrote back saying that she thought so, and that it would not be wise to have two inquiries or two investigations going on at the same time. I am using "inquiry" in the sense of an inquiry by a committee as opposed to an inquiry found in the Senate rules to describe, for exmple, Inquiry No. 1.

• (1650)

Therefore, honourable senators, I would like to wait for some more action from the panel on violence against women and hold on our Order Paper the possibility of our proceeding with an inquiry calling the attention of the Senate to the subject matter, and also the possibility of Senate committee activity. I do not want to propose anything directly at the moment while the panel is engaged in its work but I would like to reserve the right to do so after we have seen how active the panel is and how appropriate its recommendations might be.

I think it is appropriate that the Senate hold on to this matter as an inquiry and that it is appropriate that it do so today, considering the comments made at second reading debate on Bill C-17. Therefore, I ask that the debate on this inquiry be adjourned.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Tuesday, November 26, 1991

PAGE

Royal Assent
Notice ... 588

The Grey Cup
Congratulations to the Toronto Argonauts on Winning the Canadian Professional Football Championship. Senator Davey ... 588
Senator Perrault ... 588

Canadian Wheat Board
Shipment of Grain Through United States Ports. Senator Perrault ... 588

Agriculture
Delegation of Prairie Farmers and Grain Producers—Request for Meeting with Members of Parliament. Senator Olson ... 589
Notice of Meeting Between Senators and Farm Representatives. Senator Barootes ... 589
Senator Olson ... 589

La Francophonie
Paris Conference—Omission of Prince Edward Island from Presentation Map of Canada. Senator Bonnell ... 589

The Honourable Sidney L. Buckwold
Tributes on Retirement from Senate. Senator Frith ... 590
Senator Baroootes ... 592
Senator Grafstein ... 593

Members of the Senate and House of Commons
Conflict of Interest Bill—Appointment of Special Joint Committee to Study Subject Matter of Bill C-43. The Hon. the Speaker ... 593

The Estimates, 1991-1992
Notice of Motion to Refer Supplementary Estimates (B) to National Finance Committee. Senator Lynch-Staunton ... 593
Senator MacEachen ... 593

Criminal Code
National Defence Act
Young Offenders Act (Bill C-30) Bill to Amend
Bill received from Commons and read first time ... 593

Federal Real Property (Bill C-3)
Bill received from Commons and read first time ... 594

Young Offenders Act
Criminal Code (Bill C-12)
Bill received from Commons and read first time ... 594

Canada-Japan Inter-Parliamentary Group
Tabling of Report of Second Annual Meeting. Senator Oliver ... 594

Privileges, Standing Rules, and Orders
Notice of Motion to Suspend Rule. Senator Haidasz ... 594

Transport and Communications
Committee Authorized to Meet During Sitting of Senate. Senator MacDonald ... 594
Senator Graham ... 594
Senator Molgat ... 594

PAGE

QUESTION PERIOD

Agriculture
Farm Loans—Effect of Debt Service Charges. Senator Olson ... 595
Senator Murray ... 595
Senator Molgat ... 595

Forestry
Exclusion of Canadian Lumber from EEC. Senator Perrault ... 596
Senator Murray ... 596

External Affairs
Venue for Middle East Talks. Senator MacEachen ... 596
Senator Murray ... 596

Yugoslavia
Canadian Initiatives to Promote Peace—Government Position. Senator Haidasz ... 596
Senator Murray ... 596

Canadian Unity
Statement by The Honourable Benoît Bouchard—Government Position. Senator Thériault ... 596
Senator Murray ... 597

Business of the Senate
Delay in Responses to Order Paper Questions. Senator Kenny ... 597
Senator Murray ... 597

China-Canada Relations
Status of Tibet—Government Response. Senator Frith ... 597
Senator Murray ... 597

Delayed Answer to Oral Questions
Senator Lynch-Staunton ... 597

Agriculture
Federal Support for Grains Sector—Government Position. Question by Senator Olson. (Delayed answer) ... 597

Criminal Code
Customs Tariff (Bill C-17) Bill to Amend
Second Reading—Debate Suspended. Senator Stanbury ... 598
Senator Marshall ... 599

Royal Assent
The Honourable Claire L'Heureux-Dubé, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General ... 599

Criminal Code
Customs Tariff (Bill C-17) Bill to Amend
Second Reading—Debate Concluded. Senator Marshall ... 600
Senator Molgat ... 601
Senator Berntson ... 601
Referred to Committee ... 602

THE SENATE

Wednesday, November 27, 1991

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

Prayers.

SENATORS' STATEMENTS

[*Translation*]

THE ECONOMY

CANCELLATION OF CONSTRUCTION PROJECT IN GRAND-SAULT/GRAND FALLS

Hon. Eymard G. Corbin: Honourable senators, Senator Lowell Murray, the government's official spokesman in the Senate, told us last week, in a tone of righteous indignation, that the economy was recovering. On page 565 of the *Debates of the Senate* for November 20, 1991, he told Senator Olson:

> The hon. senator has the policies of the present government to thank for that

namely Senator Murray's prediction that:

> Canada will lead the industrialized world in the rate of economic growth in 1992.

However, the reality is quite different from what the Leader of the Government in the Senate would have us believe.

Last week, Cavendish Farms announced from its Moncton office that a $50-million potato processing plant planned for Grand Falls would not be built. This plant, which was to open in the summer of 1992, was announced with great fanfare in September 1990. It was to process 280 million pounds of potatoes and create 200 jobs.

The question now is: Why did Cavendish Farms make that decision? Unfortunately, I did not contact them, but I have an article from the *Telegraph Journal*, the daily newspaper of Saint John, N.B., of Saturday, November 23, 1991. Like Cavendish, this paper also belongs to Irving interests. The article says:

[*English*]

> . . . company officials say difficult economic times don't allow for construction of the proposed $50 million plant.
>
> Cavendish President Robert Irving says that changes in business conditions since the time of the announcement have caused the company to review its initiative.

So there you have it in a nutshell, honourable senators, the economy being what it is, and not what the ostrich Tory government says it is or will be.

The first closing of a U.S.-owned branch plant in Canada as a direct result of the Canada-U.S. free trade agreement was that of Square-D, in Edmundston, New Brunswick, a neighbouring town of Grand Falls. All 159 employees lost their jobs forever. The pulp and paper industry in New Brunswick is really suffering. Hundreds upon hundreds of workers have either lost their jobs or have been laid off as the result of this government's monetary policies. Another heavily subsidized plant in Grand Falls producing synthetic pallets is idle. The federal government had pumped millions into this establishment which had opened only recently. Trans-border shopping has been encouraged by this government's stupid tax policies, particularly the GST.

Senator Murray, don't tell the good people of Grand Falls, New Brunswick, that the Canadian economy is on the course of recovery, because your government is heading for the electoral shoals. The good people of Grand Falls will laugh you out of town, you and your train of sycophants, if you so much as suggest that everything is well in Mulroneyland.

VIOLENCE AGAINST WOMEN

WHITE RIBBON CAMPAIGN—BREAKING MEN'S SILENCE TO END MEN'S VIOLENCE

Hon. Philippe Deane Gigantès: Honourable senators, I should like to read you what the White Ribbon Campaign for Breaking Men's Silence to End Men's Violence has to say these days.

I quote:

> If it were between countries, we'd call it war. If it were a disease, we we'd call it an epidemic. If it were an oil spill, we'd call it a disaster. But it's happening to women, and it's just an everyday affair. It is violence against women. It is rape at home and on dates. It is the beating or the blow that one out of four Canadian women receive in their lifetime. It is sexual harassment at work and sexual abuse of the young. It is murder.
>
> There's no secret enemy pulling the trigger. No unseen virus that leads to death. It's just men. Men from all social backgrounds and of all colours and ages. Men in business suits and men in blue collars. Men who plant the fields and men who sell furniture. Not weirdos. Just regular guys.
>
> All those regular guys, though, have helped create a climate of fear and mistrust among women. Our sisters and our mothers, our daughters and our lovers can no longer feel safe in their homes. At night they can't walk to the corner for milk without wondering who's walking behind them. It's hard for them to turn on the TV without seeing men running amok in displays of brutality against women and other men. Even the millions of women in relationships with that majority of men who are gentle

and caring feel they cannot totally trust men. All women are imprisoned in a culture of violence.

Men's violence against women isn't aberrant behaviour. Men have created cultures where men use violence against other men, where we wreak violence on the natural habitat, where we see violence as the means to solve differences between nations, where every boy is forced to learn to fight or to be branded as a sissy, and where men have forms of power and privilege that women do not enjoy.

Men have been defined as part of the problem. But we are writing this statement because we think men can also be part of the solution. Confronting men's violence requires nothing less than a commitment to full equality for women and a redefinition of what it means to be men, to discover a meaning of manhood that doesn't require blood to be spilled.

The White Ribbon Campaign urges that in order to commemorate the awful tragedy at the Écôle Polytechnique in Montreal, all men should wear a white ribbon or a white armband in the week from December 1 to December 6. I urge my fellow senators to do the same.

Senators wishing to send donations, please make the cheques payable to the Regional Co-ordinating Committee on Wife Assault, care of Family Service Centre, 119 Ross Avenue, Ottawa, K1Y 0N6. The telephone number is 725-3601, and the FAX number is 728-6159. You can write to the White Ribbon Campaign at 253 College Street, Box 231, Toronto, Ontario, M5T 1R5. You can find these addresses in the proceedings tomorrow.

FORESTRY

EXCLUSION OF CANADIAN LUMBER FROM EEC

Hon. Raymond J. Perrault: As honourable senators are aware, our Canadian lumber industry is having a very difficult time, and now there is a new problem—this time involving the European Community. The new problem relates to the failure to this date to obtain an extension of the derogation on Canadian unseasoned lumber.

This is not a partisan statement. I believe that all parties in this country should rally behind the efforts of this government and the forest industry to prevent what could be a major tragedy for the Canadian forest industry and for Canadian workers from coast to coast. So I make this statement in that spirit.

It was understood that the European Community Plant Health Standing Committee was to vote on the extension to the European Community kiln dry directive at its November 19th, 1991 meeting. For reasons not fully understood, the item, while on the agenda, was not put forward for voting. The understanding of the industry is that the next meeting is scheduled for December 16th, 1991, and this delay is the source of the problem for the Canadian forest industry.

• (1410)

In many respects, one month is a short period of time. However, in this particular instance this impediment to trade will drastically harm an industry that is already facing record financial losses.

Some honourable senators will know the details. Unseasoned lumber is the lumber that comes out of the mill, and is not kiln dried. Some countries in Europe are concerned that there is a nematode in certain imported lumber that might affect their stands of timber. We do not believe that this is a valid reason to exclude unseasoned Canadian lumber from those European markets. We have a rigid certification policy in Canada to make sure that when Canadian lumber is shipped abroad, it is top quality. There is none finer in the world.

I should observe that the total value of Canadian lumber exports for 1990, including exports to the United Kingdom and the European Community but not including pulp and paper, was about $1 billion. That is the magnitute of the market that may be in jeopardy.

As I said, one month in many respects is a short period of time, even if we did get a favourable judgment on December 16. However, in this particular instance this impediment to trade will drastically harm an industry that is already facing record financial losses.

The result of delaying the vote, which all indications showed would have been a favourable response to achieving an extension, gives other world lumber producers a valuable competitive advantage in European markets that have traditionally been supplied by our Canadian producers. Due to the longer shipping periods required to ship from the West Coast, it also changes the short-term competitiveness between western and eastern North America.

Here in absolutely succinct form—if I can have another minute—is the impact to the Canadian lumber industry. Lumber sales for the first quarter of 1992 cannot proceed. The volumes of unseasoned lumber normally sold for this period to Europe is 330 million FBM, or 1.3 million FBM annually. The value of unseasoned lumber sold to the EEC is $55 million to $60 million per month. Some Canadian shippers have sold into 1992, based on positive feedback that was being received from numerous sources that the extension would be granted. Some of these contracts are now in jeopardy.

The Hon. the Speaker *pro tempore:* You are already a minute over your time.

Senator Perrault: Honourable senators, may I ask for a brief extension to finish this list? I am practically finished.

Hon. Senators: Agreed.

Senator Perrault: I want to thank honourable senators for their decision.

Whether or not the sales have already been made, January shipments will be lost. The February/March sales and shipments will depend on an early resolution of the problem. Until that happens, other suppliers will have a distinct advantage.

The effect of the delay in granting an extension will have a quick impact on western Canadian sawmills; indeed, on all the sawmills in the country. Some coastal sawmills in my province sell up to 40 per cent of their production to EEC countries.

Mill shutdowns are expected to start in early December. Besides the financial impact on the sawmills, there will be a social impact as many employees have already faced previous unemployment due to shutdowns which occurred because of the depressed market.

One of the major problems involves the existing order file for December 1991. This stock must arrive in the EEC countries by February 1992. The time frame has caused a considerable rush on vessel space for December shipments.

Obviously there will be an effort to divert to other markets. This may result in a short-term relief in employment for the mills. It will, however, change the delicate balance between supply and demand which potentially could further erode market prices.

In a one-sentence summary, the potential effect of the one month delay of the derogation extension to the Canadian Lumber Industry, excluding the social and economic aspects of unemployment, is in the area of $150 million to $200 million. That is why all parties in this Parliament have to work together and support efforts made by the government and by the industry to convince the Europeans as to the seriousness of this situation and the unfairness of it.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know how much time is left in this period. The rules provide for 15 minutes for statements by senators. If there was another minute or two left and no other senator wished to make a statement, I would follow up what Senator Perrault has just said. There are two minutes left.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We would have no objections to extending the time.

Senator Murray: I simply wish to say, honourable senators, that this matter was raised today as it was raised, I believe, during the Oral Question Period earlier in the week by our friend Senator Perrault. Let me say that Canada expects a positive decision in our favour. We recognize that the announced delay to December 16 in making this decision is putting a number of contracts in jeopardy, and those contracts amount to, I think, over $100 million, close on $200 million.

I want to emphasize that we are pressing the Europeans to make a decision well before December 16. To that end, our ambassador in Brussels, Mr. Smith, has been in touch with Mr. MacSharry of the European Commission and has taken a letter from the Minister to Mr. MacSharry with a view to pressing the point and having the decision made as soon as possible.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I wish to inform the chamber that the meeting scheduled for this afternoon with the Prairie delegation has had to be cancelled. Notice of the cancellation was sent to all senators, but, in case some have yet to receive it, I want to mention that the delegation had to leave earlier than anticipated. Therefore there will be no meeting.

CANADA PENSION PLAN ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C280, to amend the Canada Pension Plan Act (disability pension).

Bill read first time.

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

On motion of Senator Atkins, bill placed on the Orders of the day for second reading on Tuesday next, December 3, 1991.

• (1420)

INTER-PARLIAMENTARY UNION

THIRTY-SEVENTH INTER-PARLIAMENTARY CONFERENCE, NEW DELHI, INDIA—REPORT OF DELEGATION TABLED

Hon. C. William Doody: Honourable senators, I have the honour to table the report of the Thirty-seventh Commonwealth Inter-Parliamentary Conference held in New Delhi, India, from September 22 to October 2, 1991.

DEMOCRACY

2,500TH ANNIVERSARY OF ESTABLISHMENT OF DEMOCRACY IN ANCIENT ATHENS—NOTICE OF MOTION

Hon. Efstathios William Barootes: Honourable senators, I give notice that on Tuesday next, December 3, 1991, I will move:

> THAT the Senate of Canada convey its congratulations to the Parliament, government and people of Greece, and the municipal government and people of Athens, on the occasion of the 2,500th anniversary of the establishment of democracy in the City of Athens; and
>
> THAT the Honourable the Speaker convey the text of this motion to the President of the Hellenic National Assembly.

LEGAL AND CONSTITUTIONAL AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. Nathan Nurgitz: Honourable senators, I give notice that on Thursday next, November 28, 1991, I will move:

> THAT the Standing Senate Committee on Legal and Constitutional Affairs have the power to engage the services of such counsel and technical, clerical and other

personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters and estimates as are referred to it.

NORTH ATLANTIC ASSEMBLY

ANNUAL MEETING HELD IN MADRID FROM OCTOBER 17 TO 22, 1991—NOTICE OF INQUIRY

Hon. Duff Roblin: Honourable senators, I give notice that on Tueasday, next, December 3, I will call the attention of the Senate to the annual meeting of the North Atlantic Assembly held in Madrid from October 17 to 22, 1991.

DEMOCRACY

2,500TH ANNIVERSARY OF ESTABLISHMENT OF DEMOCRACY IN ANCIENT ATHENS—NOTICE OF INQUIRY

The Hon. the Speaker *pro tempore:* Honourable senators, on behalf of the Speaker, I give notice that on Tuesday next, December 3, 1991, he will call the attention of the Senate to his attendance at the celebration marking the 2,500th anniversary of the establishment of democracy in ancient Athens.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I am sure that, despite the temporary absence of the Leader of the Opposition in the Senate, my colleagues opposite would not want to be deprived of a few petitions! I intend to table several today.

I may say that Senator Kelly is always very anxious to make sure that these petitions are in order, and they are. They contain the usual prayer, and their form is impeccable. These petitions are against the GST.

Today, I am tabling 99 different petitions with a total of 2,160 signatures. One petition is from Alberta, with 23 names representing people from 11 different locations in Alberta.

We have six petitions from New Brunswick, with a total of 108 signatures from nine different communities. From Nova Scotia, one petition with seven names, representing five different communities. From Ontario, 85 petitions with 1,945 names from 24 different towns. From Quebec, 14 petitions with 279 signatures from 25 different towns or villages.

This is an indication that, although the GST is now nearly a year old, the Canadian public's reaction to it has not changed. Canadians remain just as opposed to this measure as they were a year ago.

Hon. Jacques Hébert: Honourable senators, I also have some petitions, but they are different in that they were signed by 111 young Canadians from Edmonton, Alberta, who deplore the fact that the goods and services tax credit is not available to young Canadians who are not living with their parents, pay taxes and are under the age of 19.

They ask the Senate to urge the government to correct this injustice.

I would like to read part of a letter from the vice-president of the student association of the University of Alberta, which accompanies this petition, and it says the following:

[*English*]

"Dear Senator Hébert,

Thank you so much for providing us with this petition concerning the credit of the Goods and Services Tax for young people. We at the Students' Union have realized this error on the part of the government, and we are pleased to see the Senate responding to an obvious need. Enclosed you will find several hundred signatures that were collected during our Week of Welcome. I hope they will add to the names that you have already collected and will speed the way for you to effect some change on this point.

There are also some other things. This is the petition.

[*Translation*]

Honourable senators, I have some more here.

I have the honour to present to you petitions signed by 56 citizens of Nova Scotia and New Brunswick who are opposed to the goods and services tax.

These petitions come mainly from Dartmouth, Oxford and Amherst, Nova Scotia and Moncton, Cocagne and Saint John, New Brunswick.

I also have the honour to present petitions signed by 213 citizens of the province of Quebec who are opposed to the goods and services tax. These petitions come mainly from Victoriaville, Baie Saint-Paul, Jonquière, Longueuil, Montreal, Falardeau and Chicoutimi.

QUESTION PERIOD

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have three delayed answers to questions. The first is in response to a question asked by Senator Molgat on October 23, on 1st Canadian Division. The other two are in response to questions asked on November 19, one by Senator Perrault on the shipment of Canadian grain through U.S. ports, and the other by Senator Bonnell on the fixed link at P.E.I.

NATIONAL DEFENCE

1ST CANADIAN DIVISION—PRESENT STATUS

(*Response to question raised by Honourable Gildas L. Molgat on October 23, 1991*)

The re-creation of the 1st Canadian Division was announced in March 1988.

The Division, headquartered in Kingston, and maintaining forces both in the Federal Republic of Germany and across Canada, would come together as a formation in the Central Region of Europe only in time of crisis. The Division includes two mechanized infantry brigades and supporting divisional troops.

On September 17, 1991, the Minister of National Defence announced the results of the Review of Defence Policy.

The 1991 Defence Review has directed that, before 1995, Canada will reduce its military force in Germany to a task force of approximately 1,100 people. The location of the Task Force will be determined after consultations with our allies and NATO authorities.

In light of the results of the Defence Review, DND officials are currently examining the status of 1st Canadian Division so as to determine whether a headquarter needs to be maintained for the coordination of possible tasks requiring more than one formation in response to crisis, either at home or abroad.

TRANSPORT

SHIPMENT OF CANADIAN GRAIN THROUGH U.S. PORTS—GOVERNMENT POSITION

(*Response to question raised by Honourable Raymond J. Perrault on November 19, 1991*)

On November 5, 1991, the Canadian Wheat Board (CWB) announced that it would be exporting 55,000 tonnes (one vessel) of barley through the Port of Seattle in order to evaluate this shipping option and determine how costs compare to all Canadian routes.

The ports of Vancouver and Prince Rupert are currently being pushed to their limits of capacity, and any shipments through Seattle are a net addition to total West Coast throughput. The CWB is expecting that grain exports this crop year may reach a record level.

This is the first time that the CWB has used a U.S. port for an off-shore customer. This is a one-time movement and does not represent the wave of the future. The sharing of grain terminals is not a new phenomenon since the U.S. grain industry regularly moves grain through ports on the St. Lawrence.

Prairie farmers benefit from this initiative for a number of reasons: 1) it results in a net increase in grain sales; 2) it is cheaper to use west coast ports than the eastern system; 3) Canadian west coast ports are currently at capacity.

[Senator Murray.]

PRINCE EDWARD ISLAND

FIXED LINK—LOCATION OF CONSTRUCTION HEADQUARTERS—GOVERNMENT POSITION

(*Response to question raised by Honourable Lorne Bonnell on November 19, 1991*)

The specific bridge designs from each of the three remaining consortia have been submitted to Public Works Canada (PWC). PWC will now—with the assistance of a panel of independent ice-experts—determine whether each bridge design meets the environmental criteria, including the 2 day ice-out delay as identified by the Environmental Assessment Review Panel.

Those companies which meet the environmental criteria will be asked to submit financial bids to Public Works.

Although Premier Ghiz has recently made a public statement concerning the location of the construction site office, he has not officially communicated this to the Minister of Public Works. A decision on the location of the construction site office would be made solely by the winning consortium.

The fixed link will proceed only if the project can be proven to be environmentally sound and financially viable.

• (1430)

THE ESTIMATES, 1991-1992

SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. John Lynch-Staunton (Deputy Leader of the Government), pursuant to notice of Tuesday, November 26, 1991, moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (B) for the fiscal year ending the 31st March, 1992 (Sessional Paper No. 343-317).

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

Hon. Allan J. MacEachen: Honourable senators, before the motion is put, I would like to make a few comments about the Supplementary Estimates, not for the purpose of debating in any detail the policy implications of the Supplementary Estimates but to cast our minds ahead a bit to consider what the situation of a newly reformed Senate would be if the current proposals were put into the Constitution.

May I begin by saying that these Supplementary Estimates are in the amount of $2.276 billion, a substantial sum. In the Expenditure Management Report published by the Treasury Board of Canada, there is a listing of the main items in the Supplementary Estimates, among which are highlighted the support to farmers, native agenda and the Green Plan. Under "Support to Farmers" it reads:

> Support to farmers of $1,168 million is included for Agriculture Canada, comprising $749 million for payments made pursuant to the new programs under the *Farm Income Protection Act*: the Gross Revenue Insurance Program and the Net Income Stabilization Account.
>
> The initial instalment of $400 million on the recently announced $800 million assistance program to Canadian farmers and producers of agricultural products is also included in these estimates. These payments are being made in light of the depressed state of the farm sector.
>
> Supplementary Estimates (A) of $428 million provided transitional income support to farmers pending the implementation of the *Farm Income Protection Act*.

I understand that the bulk of this funding will apply to western farmers, and I have no complaint with that. That is a point I want to make as background to what I will say later. It is an item of deep regional interest that obviously western senators and western Members of Parliament would find of great importance in their areas.

If I turn to the Supplementary Estimates with respect to the Department of Fisheries, I find that, relative to the history of the fisheries, there is a substantial sum provided under that item; I believe an amount of $56 million. If one turns to the detail, one will find a listing of the expenditures for new capital projects to be made in Newfoundland, New Brunswick, Quebec, British Columbia, and Nova Scotia. In fact, there is a very important item in the amount of $18 million entitled "Grants to self-employed fishermen prevented from fishing due to ice conditions". This is an item covering the funds from the Treasury Board under the contingency, both paying for this item, being mainly an expenditure in the Province of Newfoundland, if I am not mistaken.

● (1440)

In the normal course of our legislative process, all these Supplementary Estimates come to the Senate, are sent to a standing committee, and the Senate could, if it wished, defeat them. At least it has them before it.

Having stated that within these Supplementary Estimates there are items of what one might call strong regional interest affecting the west and the east, let me turn now to see how these regional interests could be reflected in a new Senate established in accordance with the principles contained in the document, "Shaping Canada's Future Together".

It is interesting to me to find in this document the following statement, with which I fully agree.

> The second house is designed to give particular weight to regional and minority views in federal policy-making.

Of course it is because of that weight that the notion of an elected, effective, equal Senate has gripped the attention of the west because it could express regional interests. The fact that that is the intention of the proposal is reinforced by an examination of the powers of the Senate in which it is stated that for "matters of particular national importance"—I would conclude as distinct from regional importance—such as national defence and international affairs, the new, elected, Senate would have a suspensive veto only. If an item were defeated in the Senate it would then return to the House of Commons and be repassed in the same way as a constitutional amendment. We saw it exemplified in the case of the Meech Lake proposals.

My point in drawing the comparison is to establish the intention of the proposals to create a second chamber which would be designed to give particular weight to regional and minority views in federal policy making.

I turn to another section of the proposals which further elaborates the powers of the Senate and which states that there will be "no legislative role in relation to appropriation bills and measures to raise funds including borrowing authorities". It is the proposal contained in this document that a new elected Senate would have no role, as is stated in the document, "in relation to appropriation bills and measures to raise funds including borrowing authorities".

The expression "appropriation bills" is a very broad expression and includes the appropriation bills that will follow from the Estimates, so to speak, either the main or the supplementary or the interim supply. But it also includes any bill which appropriates funds and which accordingly would be preceded by a royal recommendation.

If one accepted this statement literally, one would conclude that the new, elected, Senate would have no ability to deal either with supply or with a host of other bills which are normally preceded by the royal recommendation, because these are appropriation bills.

I am sorry I do not have the actual words of the testimony, because I did not get a chance to pick it up before coming into the Senate, but in the testimony by officials before the constitutional affairs committee it was pointed out that really what the government had in mind was not such a sweeping proposal as appropriation bills, but the target was the business of supply. The chief witness for the government stated that, in framing this proposal, the government had in mind the conclusion of the Special Joint Committee on Senate Reform, co-chaired by Senator Molgat, which did its work in 1983.

That was a joint committee. That committee concluded that the Senate should have no role with respect to the business of supply. The witness said that; in effect, he said: "What we have in mind is nothing other than the business of supply. All appropriation bills except the business of supply would come to the Senate."

We know that the business of supply is not an undefined concept. For example, Standing Order 81 (3) of the House of Commons defines the business of supply as follows:

> For the purposes of this Order, the business of supply shall consist of motions to concur in interim supply, main estimates and supplementary or final estimates; motions to restore or reinstate any item in the estimates; motions to introduce or pass at all stages any bill or bills based thereon; and opposition motions that under this order may be considered on allotted days.

So it was a considerable improvement, in my mind, to have the witness state that the government had in mind, not as is stated in the document; no role in relation to appropriation bills, but had in mind no role with respect to the business of supply.

● (1450)

Let us stop here and consider what we have been told. We have been told that all appropriation bills would come to the new, reformed Senate with the exception of the business of supply, which I have defined and which is vividly exemplified by the Supplementary Estimates. My conclusion is that this is certainly an improvement, that all appropriation bills, less the business of supply, would come to the new, elected, effective and equal Senate.

Having accepted that improvement from the witnesses, I go on to ask, is that enough? Surely those who talk about a Senate that has a regional voice would have to ask themselves: What would be the position of elected senators in the new Senate from Alberta, Manitoba or Saskatchewan who would find that the Supplementary Estimates, containing $1,168 million to deal with a crucial western issue, would not come to the Senate? The new senators would never see it. They would have no voice whatsoever.

The Hon. the Speaker *pro tempore:* Honourable senators, unless the honourable senator is granted leave to continue, his 15 minutes are over. Is leave granted for the senator to continue?

Hon. Senators: Agreed.

Senator MacEachen: Do we want to look at these proposals carefully? Do we want to build an institution that will meet the expectations of regional populations? I emphasize this case because it is so apparent that if we adopt these new proposals without any change, then those senators, freshly elected from Alberta, would come to the Senate awaiting to deal with financial measures contained in the estimates affecting western agriculture, and they would find they had no say. Indeed, they would not even see it. I am asking, is that a satisfactory situation? They would say, "Isn't it odd that the elected members of the House of Commons from Ontario will be able to vote and pronounce upon these western agricultural issues, and I, an elected senator from Alberta, will have no chance to pronounce or say a word or even see it."

That is the issue as I see it, but is it satisfactory? The senator who is running for election in Lethbridge, what will he or she say when asked "What are your views on support for the crisis in western agriculture?" What will that newly-elected senator say upon returning to the constituency to explain how it was that the support was so inadequate? He would say, "Well, I have nothing to do with that. I am constitutionally part of a new regional chamber but, on this regional issue, I just cannot say anything. That is the way the Constitution works." I do not think I am overstating this point.

Let us then take the case of the Newfoundlander. The amount stated in the Supplementary Estimates (B) was $18 million for ice conditions and wharves in important fishing villages and important places in Nova Scotia. The newly-elected senators from Newfoundland, bursting with regional ambition and pride, will be asked to produce some help for the fishermen in their districts. That is the word in Newfoundland, "district." It is not "constituency." They will say, "Gee, I am sorry. We have nothing to do with that. That is in the business of supply." The people of the district will say, "But we elected you to do things for Newfoundland regionally. Fish is us." The newly-elected senator would reply, "Oh well, no." The people of the district would then say, "What do you deal with?" The senator would reply, "Well, we have a double majority on language and culture." The constituent would then say, "Well, that is fine, but what about the fish?"

I am making a little point, honourable senators. Focus on this and consider, in the proposed new senate, whether it would be an adequate solution to frame the powers of the Senate in a way that would deny the elected regional persons from dealing with and pronouncing upon important regional issues, which would be the case if the business of supply were totally excluded from this new chamber.

If we go back in history, we find that many of the traditional items affecting the regions of this country come through the Estimates. I think that the funding for ACOA was provided for through the Estimates. Therefore, when ACOA was established, none of the Atlantic province senators under these proposals, would have had a chance to say a word. They would not see it. The Western Opportunities Fund, was that not put through in the Estimates?

Senator Olson: Western Diversification Fund.

Senator MacEachen: The Western Diversification Fund. So there are real anomalies here.

In the committee, I asked whether the government had made an analysis of the flow of legislation over the past five years through the current Parliament to determine into what categories that legislation would fit in relation to a prospective new Senate according to these proposals. I do not think that analysis has been made. I asked if it could be made for the committee members, because I do not think we can produce a judgment on the powers of the Senate unless we see what role it would have with respect to the legislation that has been historically dealt with by the Senate.

I know these are difficult questions for Constitution makers, but I must say that the answers provided, if they are implemented, are bound to lead to frustration in the regions because the people will never understand why this has happened.

I thank you, honourable senators, for allowing me the extra time, because this is a matter of importance and ought not to be overlooked.

Some Hon. Senators: Hear, hear!

Hon. Duff Roblin: Honourable senators, my honourable friend has raised a serious question which I think has been obvious to all of us who have carefully examined the role of the Senate in the past, and the suggestions about the role of the Senate in the future.

• (1500)

I start by harking back to the situation in the House of Lords in the 17th century when the question was decided as to whether the Lords or the Commons had control of the purse. In those days it was decided, over the vigorous objections of the members of the House of Lords, that the Commons had control of the purse. All of our traditions since then with respect to budgetary matters have been based on the proposition that the Commons has control of the purse.

It is curious that when the Canadian Senate was established in 1867, no reference was made to that particular aspect of governmental activity. The implication was that the powers of the Senate did extend to control of the purse in those particular days, and since then the development of custom and experience has made it expedient for the Senate to be very careful about exercising that power.

There is a very interesting constitutional background which comes into play when discussing this matter. It has to do with the principle of confidence. One of the principles that is enshrined in the present suggestions, I believe, is that there should only be one confidence body, namely, the House of Commons. It is difficult to conceive how, in a parliamentary system, we could depart from that principle without substantially reorganizing the way in which we do business. The House of Commons is the confidence body and it is only the House of Commons that can say who should be the government. The Senate has never attempted to exercise any role, as far as I am aware, in connection with confidence, and none of us in this chamber have ever suggested that a defeat in the government of the Senate would, in effect, be a vote of confidence and would have serious implications with respect to the other chamber and the life of the government. So there is a problem.

How do you reconcile that state of affairs, which I do not think any of us want to change? I do not think anyone here is seriously advocating that the Senate should become a confidence body. Even those advocating the Triple-E Senate who have examined the issues have gone to some pains to recognize that principle, because in their suggestions the Senate has a limited role with respect to financial matters. It seems to be common ground that the Senate is not a confidence body.

How, then, are questions of confidence dealt with in the Senate? I suggest that dealing with the matter of supply, the Main Estimates, the Interim Estimates and the Supplementary Estimates, are unquestionably matters of confidence. If the new Senate decided to reject any of these bills in the supply system, it is difficult to see how one could avoid regarding that as a lack of confidence in the government. One would wonder how that would fit in with our suggestion that this is not a confidence body. That is a problem.

On the other hand, the honourable senator raises an equally difficult problem; that is, to what extent should the Senate have a say in expressing regional interests in financial matters? That seems to me to be the nub of what he is saying. It seems to me there is nothing to prevent us from making arrangements that the Senate should continue to do that as it does now. Nowadays, without any hesitation, we express opinions on financial matters that have a national or regional aspect to them. Such debates take place here all the time. Requests are made for money for various things by senators opposite; and some of us on this side would like to do the same thing all the time without having the government crumble, fall down, or, indeed, without the passage of such bills being adversely affected.

I would not accept my honourable friend's suggestion that if we could not have the power to vote against these bills effectively then that would prevent us from having anything to say about contents. I doubt that that is the case. As we consider how a reformed Senate would work, I think it would be possible for us to apply our minds to that question and see how we could assure ourselves that elected senators would have adequate opportunity to express their views about the financial implications of bills that come before this chamber without, at the same time, having the constitutional capacity to throw them out.

The point raised is one about which I have not given any serious or detailed consideration at the present time. There are others who might be able to do that. However, it seems to me that it is not impossible for us to exercise an advisory capacity with respect to the expenditure of public funds, even though we cannot vote the bill itself out because it happens to be a bill that is part of the business of supply.

I would not discourage senators by suggesting to them that they would have nothing to say. I think they would have a lot to say. It is quite possible that at the present time, if our arguments were persuasive, even though we had no power to deal with this bill in the business of supply, our views might not go unheard in other places. Certainly, they would be heard in the public arena, and that is the place we want to make them heard. The senator from Lethbridge, if she is elected in that constituency, would be able to go back to Lethbridge and state that although she did not have a vote on this matter, she certainly told them what she thought about it. She could say that she was able to lay out before this body and her constituency the views that she supported, if she were the lucky person to represent that splendid constituency in an elected, new, Senate. I do not think she is in any way inhibited from performing a representative duty and to act in a representative capacity in financial matters, even though the Constitution might limit the capacity of this house to deny those bills legitimacy.

What is the problem? The problem is how to balance the capacity of members of this House under a new dispensation to have their say with respect to financial matters and to speak up for their regions, and at the same time to do so in a manner which does not involve questions of confidence. If we have the right to vote on these things, as some would like to have us do, then we are projecting ourselves into this arena of confidence. We are projecting ourselves into this change in the parliamentary system that has been developed in the United Kingdom over the centuries; something which we largely follow, that the confidence chamber is the House of Commons and that

motions in this house should not result in the resignation of the government.

It is a good problem. I think my honourable friend was correct to raise it because he is not the only one who has been worrying about this type of thing. I would not go to the extreme that he appears to do in saying if we cannot vote it out we have nothing say about it. I do not think that follows. Perhaps it is not the kind of say we would like to have, but we have to balance that off against the principle of confidence bodies and which body will have the right to dictate the fate of the government.

It seems to me that in any new power that is given to the Senate, we must reconcile what we want this body to do with this question of confidence. I would put it to honourable senators that, in the parliamentary system, you cannot have a government responsible to two bodies on questions of confidence. In fact, it is not the case in the congressional system. The president is not responsible to either body. Congress can vote against him any time they like without putting him out of office.

However, that is not the case here. We have to say to ourselves: Do we want this body to be a confidence body, as the House of Commons is, and thus rule on financial matters? Do we think that is compatible in any way with the system we have grown up with here, and do we feel that this is a new look on the parliamentary procedure that we could well afford to investigate and to decide upon? Or do we feel that the risks that it involves in terms of instability in the Government of Canada is more than we are prepared to take?

• (1510)

Bear this in mind: How will this body be constituted under a new dispensation? Do you suppose it will be on the "First past the post" principle with the Senate being elected in the same fashion as is the House of Commons, with a roughly similar distribution of party interests as you get in the House of Commons, and with the single member seats? If that is the kind of Senate we are to have, I suggest it is not the best kind of Senate that we should have for this country.

I have long suggested that if the Senate is to be elected, it should be elected on the system of the single transferable vote. The result of that, as we have seen in other communities, is that it is quite unlikely that any party will have a majority in such a body in a country like Canada. In fact, we may not even have a majority in the House of Commons next time with the single member seats as they elect them in that chamber now. That is a distinct possibility. However, if we were to have the single transferable vote for the election of members of the Senate, I guarantee that no party would have a majority in this house. It would be a house of minorities. Regional groups that do not now have any representation here at all would have some representation then.

It would be, in that sense, a good idea, but it is only possible, in my opinion, if this body refrains from asking for the right to be a confidence body. The minute it asks to be a confidence body and have the right to rule on the financial matters in connection with supply, that very fact itself will mean that no one can be sure of any stability with respect to the Government of Canada because no one party will control this house. Varying coalitions will be formed from time to time on various special issues, no doubt, and the life of the government will be tenuous in the extreme. No one will be able to predict how long it will stay in office. If you face that kind of a situation, then it really makes you concentrate on this question of confidence.

It seems to me that to get an elected house of the kind I would prefer, namely elected by the single transferable vote so that there is a much broader representation of the various interest groups in this country than is possible in any other way—and that is the way to go—but the trade off and the sacrifice we must make, if it is a sacrifice, is to agree that this will not be a confidence body under those circumstances. If you accept that line of argument, then you are forced back onto the principle that is being laid out in the constitutional proposals that are before us, namely that this body should not be able to defeat the budgetary propositions of the government. Once that is done, we become a confidence body.

So we have a dilemma. I do not think it is insoluble. I think my honourable friend has been well advised to raise the matter here. This is a good place to talk about it and to indicate to us the difficulties which he foresees if this question of the business of supply becomes one in which we do not exercise a vote. I express my opinion that it is difficult to see any way around that if we are to stick to the principle of the confidence body being the House of Commons. However, it is not difficult to devise ways and means by which members of this house could express their views. That, probably, is the issue that we should concentrate on at the present time.

I have to tell the house, and it is probably obvious, that I had no intention of intervening in this debate because I did not know what was to be said, but having heard the very interesting proposition put forward by my honourable friend, he stimulated me to make these remarks.

Senator MacEachen: May I just make an interrogation in the form of a statement? The argument advanced by Senator Roblin is that if, for example, a majority in the Senate defeated the $18 million for Newfoundland financial assistance, that would be a matter of confidence. In other words, because those financial items flow from the Main Estimates, therefore they become a matter of confidence. However, when I contemplate the comments made by the Minister Responsible for Constitutional Affairs, I find that the new, elected Senate, for example, would have the authority to defeat a tax bill such as the GST, and it would not be a matter of confidence. I think, therefore, that we have to sort of open our minds and try to grapple with this, possibly in a new context rather than relying on the linear tradition.

When I consider, for example, accepting these constitutional proposals, and if the elected Senate, for example, did defeat the unemployment insurance bill, which it would be able to do under these powers, that would not be a confidence measure. I think it becomes an artificial distinction, really, that with these

powers the new, elected Senate could have defeated the unemployment insurance bill which came as a result of a constitutional amendment agreed to by all the provinces. We could defeat that sort of bill, but we could not deal with what we would consider to be more ordinary financial measures.

I find myself wavering on this. The new Senate will get so much power, but it will not have power to grapple with, in some cases, direct regional issues which come through the Main Estimates. I think that we must all push our minds ahead. Senator Roblin has done it on the single transferable vote, which is quite radical, but I think we have to do it elsewhere. How do you relate all of that to the GST, to the UI bill, to other big items that we could defeat which would be so critical to a government, much more significant politically than some of these items which we would never be able to address? What I am thinking about is that we have to try to pull out of these financial measures items of a regional character.

Senator Roblin: I would be delighted to answer that question. In the sense that my friend has made a statement, maybe I would be allowed to make a following statement. He has a point. It is a very difficult point. When I heard that the Minister Responsible for Constitutional Affairs had declared that the Senate under the new rules could have thrown out the GST bill, my hair stood on end because I simply could not reconcile that with other questions that were involved in the Constitution. I suspect he might have to revisit that question to see what the right answer might be. However, the area that is opened up is fascinating.

I will give you my solution: My solution is that the question of confidence is much overworked in the House of Commons. My solution is that every bill that a government submits should not be a question of confidence. I think that we should devise a set of rules as to what confidence really means in terms of legislation in the House of Commons, and I am afraid it would probably include financial bills. It would probably include matters which have been covered by general election campaigns, and it would also probably include specific policies which the government declared to be matters of confidence. It seems to me that I would go behind the present rules and examine the question of confidence to see how far we had to carry that principal without making everyone in the Parliament of Canada a trained seal, as they say.

● (1520)

I think we have gone far too far in designating everything that the government brings in as a matter of confidence. For example, the gun bill—

Senator MacEachen: Is confidence not what the government declares to be confidence?

Senator Roblin: Yes, but Parliament should have something to say about the limitations with respect to that idea, otherwise everything becomes a matter of confidence—

The Hon. the Speaker *pro tempore:* Honourable senators, speaking about limitations, both honourable senators have had their allotted time. Rule 38(4) states:

> Except as provided in sections (2) and (3) above, no Senator shall speak more than fifteen minutes, inclusive of any question or comments from other Senators which the Senator may permit in the course of his or her remarks.

Hon. John B. Stewart: Honourable senators, I think that there is another observation which ought to be added. The discussion has broadened somewhat beyond the point raised originally by Senator MacEachen. If one looks at the proposals made by the government with regard to confidence matters in the House of Commons, one will see that appropriation and taxation bills are to entail confidence, and that questions of confidence are to be limited to certain other bills that the government has identified in advance as central to the government's program.

Let us see how that dovetails with the proposals with regard to the Senate. Senator MacEachen has said that appropriation bills and taxation bills—and there is a problem of definition with respect to taxation—are not to come to the Senate at all. Consequently, we may set that category aside.

Second, there is the category of bills of particular national importance. We are told that the expression means bills such as those relating to defence and international issues. There is to be a veto by the Senate for that category of bills. The Senate is to have a six-month suspensive veto. Third, bills on all other matters can be amended and defeated by the Senate.

The observation I wish to make is that it is quite conceivable that a bill designated as entailing confidence in the House of Commons would fall into the third category in the Senate. That is the category of bills the Senate has a right to defeat.

I think both Senator MacEachen and Senator Roblin are quite correct when they say that this is an important question and it is highly desirable that our thinking be clarified on it before support for the proposals as they are now moves forward and the public becomes committed to those particular proposals.

I want to make one or two other points. The colloquium that took place a moment ago was extremely enlightening. Notice, honourable senators, what came to be discussed. It was not the nature of federalism that came to be discussed; rather, it was the nature of confidence and of responsible government.

An elected Senate will be the federal house of a bicameral parliament. There is no problem with that. The problems as I see them relate to an exact definition of responsible government, and to an exact and accepted understanding as to the nature and limits of the mandate a government achieves when it obtains a majority in the House of Commons. What is the definition of its mandate?

Moreover, as Senator MacEachen has said, what does confidence entail? As he points out, if a government can carry on notwithstanding that a bill such as the unemployment insurance bill has been defeated, but feels obliged to resign or bring on an election because some item in the Estimates, perhaps a few thousand dollars, have been rejected, either here or in the House of Commons, then, surely, we need to get behind the

facade of the word "confidence". I propose that these terms should be defined.

What do we mean by responsible government? That is a lively and relevant question now. What do we mean by the government's mandate? What do we mean by confidence? Until these terms have clear meanings, we will never succeed in devising a system in which an elected Senate can be compatible with responsible government.

Hon. Jack Austin: Honourable senators, I do not want to contribute at any length to this marvellous debate. However, I would like to make two points to which we will return when the appropriate time comes.

Senator Roblin raises the issue of confidence, and argues in favour of the continuation of the British parliamentary tradition as it applies to the upper chamber, a tradition which has evolved over the last 120 years. I believe that this issue of confidence is itself at question in discussions on the reform of the Senate and will be put again and again.

Senator Stewart has raised some of the other matters that will be debated. If we look at other federal institutions, we see that the question of confidence is handled quite differently from that which has been our custom. For example, in Australia, the Whitlam government fell because a budgetary matter would not be passed by the Australian Senate. There has been no reform of the powers of the Australian Senate since that time. The debate in that country has left those powers and the question of confidence shared between the two houses. I suggest that this house examine most carefully that particular precedent before it settles on the question of confidence.

Then there is the practice of the federal Parliament of Germany and its upper house. Members here will be familiar with the fact that the upper house represents the interests of the Länder, and that the Länder and the upper house have a large say in the federal appropriation process within the German federal state.

Senator Roblin: But they are not elected.

Senator Austin: As Senator Roblin mentions, they are not elected directly, although—

Senator Roblin: They are civil servants.

Senator Austin: They are appointed. They can be a combination of civil servants or elected members of the Länder.

There are a number of precedents, and the opening of the question concerning the powers of the Senate—and that is what has been discussed in the most fascinating way for the last few minutes—opens a Pandora's box which, indeed, will not be closed easily.

The second point I want to make with respect to Senator Roblin's comments is that it should not be taken for granted that the premiers in the western provinces are uninterested in the question of confidence, or are committed to the continuation of the present parliamentary practice here in Ottawa. I believe that in the negotiations with respect to the nature and character of an upper house senators will see western premiers with a different view of the powers which the upper house should be given and the way in which it should dispose of those powers.

Honourable senators, I will not continue the debate. I simply give notice that these are additional issues that will be debated.

Hon. Peter A. Stollery: Honourable senators, with some risk, I wish to say a few words on this subject. In Ontario, the question of responsible government versus elected government, as some may well know, was a big issue in the 1850s. That was at a time when it was clear that the union government in Canada was failing. There were many debates because an important group of Ontario reformers of the day supported elective government—in other words, the U.S. system. It became a strong debate at the time. The group of reformers that prevailed was the group that decided that Canada should reject the elective government system and keep the responsible government system. As I understand it—and I think Senator Stewart's point that we should understand the definition is extremely important—a responsible government means that the government is responsible to the elected members of the legislature and not directly to an electorate, as had happened in the United States.

• (1530)

However, when you read the proposals for Senate reform in the document that is being studied by the Constitution committee, you realize that nobody seems to have actually tried to work out what kind of system of government we have in Canada. When we adopted the federal system in 1867, and we adopted the system of having an appointed upper house, one of the reasons that was done was because of the argument between the majority who supported representative government and those who supported the elective American system.

Even to-day, many people, when they talk of an elected Senate, immediately look to the U.S. and say that their Senate seems to work better than many second chambers in federal states. We say that, and it may well be true, but we say it without looking at the actual fundamentals of how Canadian parliamentary government has developed since the time of Lord Durham—and we forget that the first attempt was a failure. It failed utterly. There was a total deadlock and Canada could not govern itself, probably starting in 1858.

Senator Stewart: That is not true of Nova Scotia.

Senator Stollery: But the two Canadas, the union government that I am talking about, Senator Stewart. The union government was Ontario and Quebec, and it failed totally. I do not think that any member here wants to see us get into the next Constitution—or whatever it is that we are doing—without thinking it through, because, just as happened in the 1840s and 1850s, we may well have another total failure. In that event, it will not be just a question of Quebec separation. There will be much more serious consequences, because each part of the country will feel failed if we do not go about this exercise in an orderly and logical fashion.

Honourable senators, I really only rose to emphasize what I see as the importance of Senator Stewart's observations of the need to define what kind of government we have. In the proposals, that is not done. Whoever wrote the proposals does not appear to me to have the slightest idea of Canadian constitutional history, which did not just start in 1867.

We need to begin by understanding how to adapt a federal system to a representative government which, after all, started off in an unitary state. If we do not clearly understand what we are doing when we devise a second house, a federal house to represent regional interests—and as I say, I do not think the architects of this paper have the foggiest idea of Canadian constitutional development—if we do not understand, then I think we run the severe and serious risk of failing Canadians, just as they were failed before in the case of Upper and Lower Canada. The failure that was introduced into the system was not seen until about 1855 or 1858, when it was clear that the system could not possibly work, and the country had become ungovernable. If we do not effect this cponstitutional change in an orderly and organized fashion, understanding what we are doing, we will just repeat the performance that has already taken place in Canada.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I want to thank Senator MacEachen for bringing this matter forward. I think it is extremely fitting that we should be discussing this matter at this time, as the joint committee charged by the two houses to look at a renewed Canada is presumably doing work on the reform of the Senate, and, I presume, as some civil servants somewhere in the back room are concocting the new Senate, I think it is extremely important that we have this debate here.

Because of the fact that Senator MacEachen has mentioned that the committee which I had the honour to co-chair, presented its report in January 1984, and because at times there are references to it in the government proposals, I want to make some very clear positions. That report was a compromise, inevitably, as all reports are. The committee itself was structured with ten members from the House of Commons and eight members from the Senate, so obviously the House of Commons had the majority and, thereby, the final say.

As an aside, I think we in this chamber ought to consider whether in fact we should participate in joint committees where the House of Commons dominates. I really do not know why we should. I do not know why there should not be equal participation. It is true that they have larger numbers, but they have no more responsibility, except that they are elected and we are not. Under the Constitution, essentially, these are two separate houses, each standing each on its own feet. However, I think we should review the idea, that, because there are more members over there than there are here in this chamber, they are automatically entitled to have more members on a joint committee. We should regard it as being two houses joining together, not as 295 members of Parliament and 103 senators, or whatever we are right now.

As I say, that committee at that time was dominated—and that may be too strong a word, but certainly the majority of members was from the House of Commons. I might point out, by the way, that there are still a number of senators here who were on that committee. Senator Doody, Senator Leblanc (Saurel), Senator Lewis, Senator Lucier and Senator Tremblay all sat on that committee. I think they would agree with me that we did not get things all our own way as representing the Senate, nor did we get our own individual ways. I want to make that very clear. If the report is to be taken by the government as reflecting the views of the Senate, that is not quite correct. Certainly, the report does not reflect my views in every respect.

I might refer to one of the comments made by Senator Roblin regarding the method of election. That item was pushed by the members of the House of Commons, who insisted that they be first past the post. I was much more in favour of the preferential system because I think that would give much better representation. I think the majority of my colleagues from the Senate were also of like mind—I see Senator Doody shaking his head. In that event, then, we would have lost the vote in any case, but my own preference was not for "First past the post." However, that is what the committee decided, that is what we have.

• (1540)

We come then to the question of powers. That is really the essential element on which we have to turn. My friends from the west always speak about the three "Es"—equal, elected and effective. I have grave doubts that we will ever be equal. I do not think we will get the two biggest provinces to agree to that one. I am much more concerned about the effective "E", that the Senate have sufficient power to do its essential job, and that essential job is regional representation. That is why the Senate was created in the first place. That is really the direction in which this committee worked. I think the majority of senators who sat on that committee were of that view, that this is what we had to look at.

When we talk of power, where does the final power reside? It resides in the control of the money. If you have no control over the money, you have no control over anything from a governing perspective. Senator Roblin says we could talk. Yes, we could talk, but that is one of the things that infuriates western Canadians with respect to the present setup in the House of Commons. Yes, our members come down here and talk, but when it comes down to the crunch the majority from the central provinces dominate.

Therefore talk is not enough. You have to have the power to act. That power resides in the control over the money. Senator Roblin says that that goes to the essence of responsible government and of confidence. In his reply to Senator MacEachen, he said—I think quite properly—that we have to decide what really are the elements of confidence. I do not necessarily agree that if the Senate were to use its power to refuse the spending of money, that would automatically mean the defeat of the government. For me, confidence means a situation where, for example, the government says, "We are defeated, we must go to an election." I do not think that that necessarily works.

A great deal depends, of course, on the length of time during which the Senate may exert its power. We are talking about a total veto when, if we refuse to pass a money bill or refuse to pass supply, that is automatically a permanent veto. I think we should look at it differently; that we should have the power for a certain time period or under certain conditions. In past years when we have talked about having a suspensive veto it has normally been in terms of time, either six months, nine months or some many days, and so on.

After having lived through some of the debates in this chamber—for example the one on the drug bill, which lasted a very long time before the government received it, the unemployment insurance bill, which again lasted a long time before the government received it or, indeed, the GST—I do not think it is enough to say that the period should be six months. Our experience in those three cases was that the Senate objected, the Senate reacted but pure time was not sufficient, since the government waited us out. I think we should look at this business of how we deal with the two houses in a different way. For example, I think we should look at joint sessions of the two houses where if the Senate refuses to pass, say, a supply bill or if the Senate has not passed the bill within a certain period of time, then the two houses would get together and vote.

Indeed, I think we could look at another measure—and I know this will be heresy to many. Perhaps if that kind of deadlock occurred where a bill had gone back and forth, we could have not only a joint session but one with a secret ballot. Just think what that would have meant in the case of the GST. After the Senate had objected to the GST for a certain period of time—which we did—if we could not have reached agreement we could have had a joint meeting with the House of Commons and held a secret ballot.

Senator Roblin: Not a secret ballot.

Senator Molgat: I am not surprised that there are objections. Think what it would have meant to the people of Canada. I predict that had there been a joint meeting of the Senate and the House of Commons, the GST would not have passed.

Senator Doody: Nor the National Energy Program.

Senator Molgat: Perhaps the country would have been better off if we had not passed the National Energy Program either and perhaps the country would be better off if we had not passed the GST. In those instances, the views of Canadians would have been expressed. That is not what happened with the GST, even though Canadians did not want it.

I agree with Senator Roblin that we should clarify what we mean by confidence and get it down on paper. However, the Senate, in my view, has to retain power over money bills. So I did not agree with that part of the report of our committee.

As far as I am concerned, the Senate should retain the powers we have now. They should be suspensive, but in reference to the six month formula, that is not enough. We have to find another mechanism to express the views of this house and the other house and I think joint sessions are the proper method to follow.

[Senator Molgat.]

Senator Roblin: That is what they do in Australia.

Senator Molgat: I share the concern of Senator MacEachen. I do not think we should move away from supply because that would mean that, in the final analysis, the Senate would not be able to do the things we need to do for our regions.

The Hon. the Speaker *pro tempore:* Honourable senators, may I inform the chamber that if Senator Lynch-Staunton speaks now it will have the effect of closing the debate at second reading.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have nothing to add to this most interesting intellectual exercise, which I know all of us have been most privileged to share. I hope that it can be continued, perhaps under a different item, because some valuable ideas have been shared by people with so much experience. I want to thank Senator MacEachen for using the Estimates to debate his points.

Motion agreed to.

• (1550)

PRIVILEGES, STANDING RULES, AND ORDERS

NOTICE OF MOTION TO SUSPEND RULE STANDS

On Motion No. 7:

> That pursuant to rule 3 which supports practice, and based on rule 2 for the maintenance of privilege, as it is a matter of universal privilege, and of profound constitutional significance, therefore the Senate's vote upon Order No. 2 under Other Business, being a resolution to rescind the adoption of the present rules as resolved on June 18, 1991, with less than two-thirds majority at that time, in contravention of then-rule 47(2), will be resolved in the affirmative, though without thereby setting a precedent of general practice, if a simple majority of voting Senators assent.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I wonder if Motion No. 7 has any validity, since the motion it refers to has just been stood on the fifteenth day and therefore will not reappear on our agenda. Perhaps we could leave that with the Speaker for a ruling.

Notice of Motion stands.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that the Senate do now adjourn.

The Hon. the Speaker, *pro tempore:* It is moved by Senator Lynch-Staunton, seconded by the Honourable Senator Macdonald (Cape Breton) that the Senate do now adjourn. Is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Hon. Stanley Haidasz: On a point of order, I am sorry that I arrived late.

Hon. John Lynch-Staunton (Deputy Leader of the Government): We have adjourned.

Senator Haidasz: I thought I would get the opportunity to speak to my two motions on the Order Paper.

The Hon. the Speaker *pro tempore:* We called your items and you were not here. We are in the process of adjourning.

Senator Haidasz: Well, I can speak tomorrow to those motions.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Wednesday, November 27, 1991

PAGE

Senator's Statement:
The Economy
Cancellation of Construction Project in Grand-Sault/Grand Falls. Senator Corbin 608

Violence Against Women
White Ribbon Campaign—Breaking Men's Silence to End Men's Violence. Senator Gigantès 608

Forestry
Exclusion of Canadian Lumber from EEC. Senator Perrault 609
Senator Murray 610
Senator Molgat 610

Business of the Senate
Senator Lynch-Staunton 610

Canada Pension Plan Act (Bill C-280) Bill to Amend
Bill received from Commons and read first time 610

Inter-Parliamentary Union
Thirty-Seventh Inter-Parliamentary Conference, New Delhi, India—Report of Delegation Tabled. Senator Doody 610

Democracy
2,500th Anniversary of Establishment of Democracy in Ancient Athens—Notice of Motion. Senator Barootes 610

Legal and Constitutional Affairs
Notice of Motion to Authorize Committee to Engage Services. Senator Nurgitz 610

North Atlantic Assembly
Annual Meeting Held in Madrid from October 17 to 22, 1991—Notice of Inquiry. Senator Roblin 611

Democracy
2,500th Anniversary of Establishment of Democracy in Ancient Athens—Notice of Inquiry 611

Goods and Services Tax
Presentation of Petitions. Senator Molgat 611
Senator Hébert 611

PAGE

QUESTION PERIOD

Delayed Answers to Oral Questions
Senator Murray 611

National Defence
1st Canadian Division—Present Status. Question by Senator Molgat. (Delayed answer) 611

Transport
Shipment of Canadian Grain Through U.S. Ports—Government Position. Question by Senator Perrault. (Delayed answer) 612

Prince Edward Island
Fixed Link—Location of Construction Headquarters—Government Position. Question by Senator Bonnell. (Delayed answer) 612

The Estimates, 1991-1992
Supplementary Estimates (B) Referred to National Finance Committee. Senator Lynch-Staunton 612
Senator MacEachen 612
Senator Roblin 614
Senator Stewart 617
Senator Austin 618
Senator Stollery 618
Senator Molgat 619
Senator Lynch-Staunton 620

Privileges, Standing Rules, and Orders
Notice of Motion to Suspend Rule Stands. Senator Lynch-Staunton 620

Business of the Senate
Senator Lynch-Staunton 620
Senator Haidasz 621

THE SENATE

Thursday, November 28, 1991

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

Prayers.

SENATORS' STATEMENTS

[*Translation*]

CANADIAN AUTOMOBILE ASSOCIATION

STATEMENT OF PRINCIPLES FOR 1991-92

Hon. Eymard G. Corbin: Yesterday, all hon. senators received a "Statement of Principles for 1991-92" from the Canadian Automobile Association, but all senators do not read everything that we get every day in the office—it is impossible.

I think that the federal government, together with the provinces, should not only read the CAA's priority recommendations but also act, especially on the statement concerning a national highway policy, expressed as follows:

> The federal and provincial governments should establish a national highway policy for the establishment of a primary network of national roads and the improvement and expansion of the network according to a strategic plan, in order to meet national and regional needs.
>
> Funding should be part of this policy, which must recognize: the economic importance of an efficient highway system for the whole country; the need not to charge tolls, which contribute to congestion and delay traffic and have a negative impact on tourism and transportation.
>
> Funding in addition to that allocated for road development is necessary to pursue a national highway policy. This funding should come from current tax revenue, applied on a broader base.

In response to many statements that I have made in the Senate in the past four years, Senator Murray has said that the government was dealing with this issue, considering it and waiting for reports.

I believe that action must be taken as soon as possible. It is time that the federal and provincial governments agreed. Drivers' lives depend on it. The regions' prosperity also depends on it.

Thank you, honourable senators.

INSURANCE COMPANIES BILL
COOPERATIVE CREDIT ASSOCIATIONS BILL
TRUST AND LOAN COMPANIES BILL
BANK BILL

REPORT OF THE BANKING, TRADE AND COMMERCE COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Jean-Marie Poitras: Honourable senators, I have the honour to present the third report of the Standing Senate Committee on Banking, Trade and Commerce on Bills C-4, C-19, C-28 and C-34 concerning the reform of financial institutions.

I ask that this report be printed as an appendix to the *Minutes of the Proceedings* and the *Debates of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 633.*)

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

Senator Poitras: Honourable senators, with leave of the Senate and notwithstanding Rule 98(3), I move that this report be placed on the Orders of the Day for consideration later this day.

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

Hon. Senators: Agreed.

Motion agreed to and report placed on Orders of the Day for consideration today.

[*English*]

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE PRESENTED

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

Thursday, November 28, 1991

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

FOURTH REPORT

Your Committee, to which was referred the Bill C-15, An Act to provide for certain matters respecting official

languages, employees' pensions and labour relations in connection with the transfer of certain airports, has in obedience to its Order of Reference of Wednesday, September 18, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

FINLAY MACDONALD
Chairman

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

On motion of Senator MacDonald, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Committee on Internal Economy, Budgets and Administration, had the honour to present the following report:

FOURTH REPORT

Your committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on National Finance for the projected expenses of that committee to retain the services of advisors, technicians, office staff and for other items needed to examine the bills, their provisions and the budget estimates referred to it, as authorized by the Senate on Tuesday, November 29, 1991. The budget is as follows:

Professional and Other Services	$84,300.00
Transportation and Communications	500.00
Other Expenses	900.00
TOTAL	$85,700.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

FIFTH REPORT PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Committee on Internal Economy, Budgets and Administration, had the honour to present the following report:

FIFTH REPORT

Your committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources for the projected expenses of that committee to retain the services of advisors, technicians and office staff and for other items needed to examine the bills, their provisions and the budget estimates referred to it, as authorized by the Senate on November 27, 1991. The budget is as follows:

Professional and Other Services	$17,379.00
Transportation and Communications	42,910.00
Other Expenses	4,500.00
TOTAL	$64,789.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

• (1410)

[*English*]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

THAT when the Senate adjourns today, it do stand adjourned until Tuesday next, 3rd December, 1991, at two o'clock in the afternoon.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, about an hour and a half ago this side of the chamber was alerted by the other place to the possibility that, by unanimous consent, certain legislation would pass through all three stages in the House today and be sent here for the same procedure.

At this moment, and after discussion with the Deputy Leader of the Opposition who has been informed of these developments, it is my understanding that there is as yet no agreement between the House Leaders in the other place to allow this process to take place. I need not at this stage go into the details of the proposed legislation, except to say that it involves an amendment to the Canada Labour Code, which, if

passed, would allow for the resumption of negotiations between employers and employees, the employees being longshoremen in the Trois-Rivières-Bécancour area.

It is a highly technical bill. However, as soon as it is passed it will allow the resumption of negotiations that have been stalled for some time. At this point all I can say is that there is this possibility. I do not know whether it is a remote possibility, but, on the other hand, it is certainly not an assured one. As soon as I have more information, I will be pleased to inform this chamber.

TRANSPORT AND COMMUNICATIONS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. Finlay MacDonald: Honourable senators, I give notice that on Tuesday next, December 3, 1991, I will move:

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

RULES OF THE SENATE

NOTICE OF MOTION TO RESCIND CURRENT RULES

Hon. Stanley Haidasz: Honourable senators, pursuant to rule 64(2), I hereby give notice that within at least five days of sitting of the Senate I shall move the rescission of the current rules on the basis of their unconstitutionality.

I move, seconded by the Honourable Senator Leblanc (Saurel):

> That pursuant to section 18 of the BNA Act, which precludes major changes to privilege without Act of Parliament, and which at all events precludes elevating a member's immunities, powers, or privilege above the corresponding immunities, powers, or privileges held by other members in this House or in the British Parliament, and in consideration of Senate Rule 3 which supports practice, based on Senate Rule 2 for the maintenance of privilege, and as the empowerment of the Senate Speaker by the current rules 1 and 18 threatens universal privilege in the Senate, and is of profound constitutional significance; therefore, the Senate resolves to rescind the adoption of the present rules as occurred on June 18, 1991, through simple majority resolution to adopt the report of the Senate Standing Committee on Standing Rules and Orders as tabled in the Senate on June 11, 1991.

AGRICULTURE

CRISIS FOR FARM MARKETING BOARD—NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I give notice that on December 3, 1991, I will call the attention of the Senate to the crisis Canada's farm marketing boards are facing.

[Senator Lynch-Staunton.]

GOODS AND SERVICES TAX

PROBLEMS FACED BY CANADIANS—NOTICE OF INQUIRY

Hon. H.A. Olson: I wish to give notice that on December 3, 1991, I will call the attention of the Senate to the problems faced by Canadians with respect to the Goods and Services Tax.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present the following petitions signed by 22 citizens from the province of Alberta, who oppose the Goods and Services Tax. Most of these petitions come from Valleyfield.

I have the honour to present petitions signed by 82 citizens from the province of New Brunswick, who oppose the Goods and Services Tax. Most of them come from Saint John and St. Stephen.

Finally, I have the honour to present petitions signed by 133 citizens from the province of Quebec, who oppose the Goods and Services Tax. Most of these petitions come from Chicoutimi, Victoriaville and Bromptonville.

QUESTION PERIOD

[*English*]

THE ECONOMY

FAILURE OF GOVERNMENT TO ADDRESS ECONOMIC ILLS—EFFECTIVENESS OF GOVERNMENT PLANNING—REQUEST FOR RESPONSE

Hon. H.A. Olson: Honourable senators, last Wednesday, Nwovember 20, in speaking to an inquiry about Canada's economic problems, I raised a number of questions to which the Leader of the Government replied in a number of ways. I quote from page 570 of *Debates of the Senate*. He said:

> Honourable senators, the government has an economic plan. The economic plan is working.

He went on to say:

> The targets set out in the budget of February 1991 are being achieved.

Well, the Minister of Finance has said on a number of occasions that the government has set out an economic plan and that it is right on target.

I wish, therefore, to ask the Deputy Leader of the Government this question: If the government's deliberate economic plan is right on target, perhaps the Leader of the Government could come to the chamber with some of the consequences of this policy that the government expects to see.

• (1420)

The Canadian Chamber of Commerce sent out a news release a couple of days after that, I think on November 22,

which said, "The national economic crisis is upon us." They go on to say that the difficulty and privation now present in the Canadian economy belies that, and they say that "Canada's real growth performance will fall far short of the federal government's forecasts."

Can we then have a revised forecast of the number of bankruptcies the government expects next month and next quarter, and an indication of whether or not they still believe that they are right on target as far as what they have deliberately set out to do to the economy since February, 1991?

Senator Perrault: Good question.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Yes, and much better than the answer you are going to get. You will have noticed, honourable senators, the absence of the Leader of the Government. He will not be here this afternoon. I will not be so presumptuous as to pretend that I can answer for him. Therefore, I will take good note of the questions and draw them to his attention, hoping that he will reply next week. That goes for any further questions as well.

Senator Lefebvre: Give it a try; break the ice.

THE SENATE

ABSENCE OF GOVERNMENT LEADER

Hon. M. Lorne Bonnell: Honourable senators, I have noted the absence of the Leader of the Government, but I suggest that his priority is to be here in his place, at least for the opening of Question Period in the Parliament of Canada.

Senator Doody: He did not know you would be here.

Senator Bonnell: He is quite sure I am here because I am always here. I ask the Deputy Leader to bring the suggestion to him that he should be here for Question Period. If he has a meeting to go to after that, that is fine. Otherwise, I would suggest that they put Senator Doody in the cabinet so that he can answer.

Some Hon. Senators: Here, here!

Senator Doody: Please send a copy of the *Debates of the Senate* to my banker.

Senator Bonnell: I will send a copy to the Prime Minister, if you so wish. If you cannot put Senator Doody in the cabinet, then I suggest Senator Phillips, because they both have long experience in Parliament. I am quite sure they know the procedures of this house and can get the required answers.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Senator Murray's attendance record here is excelled by very few. This is the first Question Period that he has missed since I have been here. His absence is for very good reason. I do not think the reprimand offered to him by the other side is at all well deserved.

Senator Bonnell: Honourable senators, I am not here to reprimand him. I am here to tell him where his real duties are. All honourable senators must realize that. If there are other members in the cabinet available, fine. But there is no one here to answer for the Government of Canada today in this whole House of Parliament.

LA FRANCOPHONIE

PARIS CONFERENCE—OMMISSION OF PRINCE EDWARD ISLAND FROM PRESENTATION MAP OF CANADA

Hon. M. Lorne Bonnell: I had a few calls today from the CBC asking me if the Leader of the Government in the Senate had any explanation as to why the Francophone conference that took place in Paris neglected to show Prince Edward Island on the map. Could the Deputy Leader get that answer, either from the Prime Minister, who went there promoting that map, or from the Department of External Affairs who put out the map, or from the External Trade Commission who also put out the map. I think it is very important that all provinces of Canada be allowed to trade with the Francophone countries.

The whole province of Prince Edward Island should not have been ommitted from the map. I would like an explanation as to why that happened. Will the map be revised so that Prince Edward Island is put back on that map again?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I will certainly seek out the information.

PRINCE EDWARD ISLAND

FIXED LINK—LOCATION OF CONSTRUCTION HEADQUARTERS—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: I would ask the Deputy Leader for another answer. The *Halifax Chronicle* on November 23 reported that the Honourable Elmer MacKay, P.C., announced that a spring start is possible for the fixed link to Prince Edward Island if the project clears two hurdles. The two hurdles are environmental and financial. The first hurdle is the submission for approval of three proposals from competing firms to a panel of ice experts. The second hurdle is that after a proposal is environmentally approved, its financial package must be approved.

There is not a word about the hurdle of having the head offices of the company which gets the contract situate in Prince Edward Island. There is not a word about that particular hurdle.

Mr. MacKay also mentions in his press release that there is a third element. It is not a hurdle, just an element. That third element in bringing a project of this kind to reality is the enthusiastic support of P.E.I premier Joe Ghiz. That is only an element, it is not a hurdle.

Perhaps the Deputy Leader could find out for me if there is a third hurdle, namely, that the head office of the construction firm must be in Prince Edward Island.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I will look into that matter, honourable senator.

THE ECONOMY

CROSS-BORDER SHOPPING—EFFECT ON SMALL BUSINESSES

Hon. Raymond J. Perrault: Honourable senators, one can only hope that the Leader of the Government in the Senate is absent today because he is urgently seeking answers to some of the problems that are besetting the nation and that his absence is not for some trivial or unworthy reason.

I rise to ask a question of the Deputy Leader. Obviously government supporters across Canada, and they dwindle in numbersdaily, are nervous about any kind of question, whether public, private, or in this chamber.

It was reported in British Columbia this week that the retail merchants of that province are losing $1 billion a year in cross-border shopping sales to the United States, and that this is happening from coast to coast. During the GST hearings we warned that if we had a tax regime out of sync with that of the United States we were bound to see serious damage done to the Canadian economy.

Will there be any plan put in operation at some time to save the thousands of retail businesses from coast to coast from haemorrhaging to death as a result of the addled tax policies of this government?

The horror story on cross-border shopping is the same in all of the provinces from coast to coast, be it the Atlantic provinces, central Canada, the west or British Columbia. As I have said, in B.C. there is said to be $1 billion a year in lost retail sales. In British Columbia, some U.S. companies are now putting full-page advertisements in Vancouver newspapers inviting shoppers to come down from Canada and really save money.

Senator Doody: Question.

Senator Perrault: What are you going do about it? That is one of the questions. What are you going to do about it?

Right across the country we are in a very serious situation. The doors and windows of retail establishments are now shuttered from coast to coast. Some border towns are ghost towns.

There was a television program this week in British Columbia featuring an interview with a very prosperous shopping mall developer in Bellingham, Washington. He said that they cannot build facilities fast enough to cope with Canadian sales. He said that 70 per cent of all the business in that shopping centre is by Canadians who go down there to save money and to beat the GST.

How long are we to allow this situation to continue? How long are we going to allow the retail merchants of this country, who are just barely surviving, to haemorrhage away their dollars, their life savings and their careers because the government simply will not recognize the problem?

Yes, there are questions. Have we some game plan? Without a game plan the Toronto Argos could not have won the Grey Cup. In the case of cross-border shopping, there does not seem to be any government game plan at all. Mr. Jelinek, from time to time, makes little inspirational speeches to local chambers of commerce. He claims that the government is concerned about the problem. He says that, after all, the number of bankruptcies has reduced over the past two months. Why is this? Because there are fewer companies around that can go bankrupt. That is the reason the statistics read that way. Thousands of companies are already out of business. There will be no tropical holidays for these bankrupt retailers this winter. So the brief question is: What do you intend to do about it?

[Senator Lynch-Staunton.]

• (1430)

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I listened carefully to Senator Perrault's statement. His questions are of a rhetorical nature and I think his whole statement would have been better made under Senators' Statements. I do not understand what he is getting at except complaining about a situation with which he appears to be familiar.

Senator Perrault: A rhetorical question! To describe questions regarding the bankruptcy of thousands of Canadian businesses from coast to coast as mere "rhetorical" questions is beyond belief!

Senator MacEachen: He has a hard heart.

Senator Perrault: May I remind government supporters that in a recent poll, sixteen per cent of the people in Canada said that they believed that Elvis Presley is alive and well and living in North America while only 14 per cent say they would vote Conservative in the next election. I would start worrying about that figure if I were you.

Senator Lynch-Staunton: Is that another question?

UKRAINE

DELEGATION OF CANADIAN PARLIAMENTARIANS TO ATTEND INDEPENDENCE REFERENDUM

Hon. Stanley Haidasz: Honourable senators, it has been brought to my attention that a delegation of members of the other house are leaving for Ukraine to be present in that country on Sunday next, October 1, to witness the voting on a referendum on the question of the independence of Ukraine. I should like to ask the Deputy Leader of the Government whether any senators are going. If not, why not? Is this trip being financed from the Consolidated Revenue Fund or by private means?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as the honourable senator knows, the Leader of the Government has a briefing book which allows him to find information of this type. The deputy leader has neither the briefing book nor the information in his head. However, I will inquire, and try to have the answer for the honourable senator next week.

GENERAL AGREEMENT ON TARIFFS AND TRADE

STATUS OF NEGOTIATIONS ON CANADIAN MARKETING BOARDS

Hon. H. A. Olson: Honourable senators, I would ask the deputy leader to take notice of another question. The Minister of Agriculture and the Minister for International Trade are in Geneva, or at least they were yesterday. The Minister of Agriculture is quoted as saying that he did not get exactly an enthusiastic response to his representations for the retention of the protection provided under article 11 of the GATT. I wonder if the deputy leader would take notice and bring in a reply next week, hopefully on Tuesday, as to exactly what happened, so that some of the people who are dependent on these marketing boards will know precisely what happened?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I will do all I can.

CRIMINAL CODE
NATIONAL DEFENCE ACT
YOUNG OFFENDERS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Mabel M. DeWare, moved the second reading of Bill C-30, to amend the Criminal Code (mental disorder) and to amend the National Defence Act and the Young Offenders Act in consequence thereof.

She said: Honourable senators, I am pleased today to speak in support of this bill to amend the Criminal Code provisions relating to mentally disordered offenders, which is the product of ten years of development and extensive consultation. For too long our criminal law has tended to forget about the mentally disordered offenders, leaving their fate to be determined by the pleasure of the provincial lieutenant governors. We have been fortunate, though, in recent years at least, that the lieutenant governors, aided in most instances by advisory review boards, have exercised their pleasure in a considered and humane way.

Little credit for that can be attributed to the Criminal Code provisions which are terribly out of date, show little concern for the rights of the mentally disordered persons appearing before the criminal courts and leave many practical problems unanswered. Today I would like to deal with some of those shortcomings and show how this bill that we have before us would improve the situation, not only for the mentally disordered accused but for the public as well.

One of the problems with the current legislation provisions is that they are simply out of date. For the most part they are borrowed from English legislation dating from the latter half of the nineteenth century. The language is Victorian, as are the concepts underlying the provisions. The terms "insanity" and "natural imbecility" are no longer used by psychiatrists, who prefer to use the term "mental disorder"; the concept of insane delusions is a separate form of mental disorder, for which a separate provision is required as is the case now in subsection 16(3) of the Criminal Code. It has been discredited, and the rule that requires that persons who are found to be either "unfit to stand trial on account of insanity", or "not guilty on account of insanity", be held in custody "until the pleasure of the Lieutenant Governor of the province is known", is at best anachronistic.

• (1440)

The bill that is before us modernizes the law by using the term "mental disorder", and by eliminating the unnecessary provisions regarding "insane delusions". More importantly, it does away with the role of the provincial Lieutenant Governor in this process, transferring the decision-making power in respect of the care and detention of the mentally disordered accused persons to an expert review board, chaired in most instances by a judge or a retired judge.

The Criminal Code has for some years contained a section permitting the creation of a board to review, and the making of recommendations with respect to cases of persons being held under the authority of the Lieutenant Governor. Such boards have been created in most provinces, and the experience with them indicates that their creation should be made mandatory in all provinces and territories. Moreover, as the ones who hear the evidence have direct contact with the mentally disordered person during the hearing and have the expertise to determine the appropriate disposition, they should be making the decisions, rather than merely advising the Lieutenant Governor.

I will not go into detail concerning the operation of the review boards under the proposed legislation. Let me simply say that with this legislation, the reconstituted boards will provide better protection for the rights of both the mentally disordered and the general public.

This leads me to a second group of problems associated with the existing law, namely, that it displays little regard for the rights of the mentally disordered. Let me give a few illustrations.

Section 615 of the Criminal Code empowers the court to order that the accused be remanded in custody for up to 30 days—indeed, in extraordinary circumstances for up to 60 days—for psychiatric observation in order to assist the court in determining whether the accused is unfit to stand trial on account of insanity. While the law does state that this is a maximum period, and that a remand in custody is not required, in the great majority of cases the courts do in fact remand the accused in custody for 30 days. But experts agree that an assessment of whether a person is fit or unfit to stand trial can be done in a very short period of time, and a couple of days is normally ample. Therefore, in most cases, the additional 28 days is completely unnecessary.

Not only does this extra time on remand in custody cost the public purse a great deal of money and tie up hospital facilities that are in scarce supply, but it also constitutes a major interference with the freedom of the accused who, but for this order, in most instances would be released pending trial. Nor is this concern with the freedom of the accused a purely abstract or theoretical one, for detention in custody may also interfere with a person's family life, livelihood or education.

The proposed legislation deals with this problem by setting a time limit of five days, exclusive of holidays, for a fitness examination, unless the prosecutor and the defence agree on a longer period. In order to accommodate the special needs of remote areas, this five-day period is also exclusive of travel time to and from the place where the assessment is to take place.

The bill also contains two other protections for the accused. First, it provides that the order for an assessment is non-custodial, unless the court is satisfied that one of the prescribed criteria for a custodial remand is met. Second, it limits the absolute right of the prosecution to apply for a fitness remand to cases that are being prosecuted by way of indictment—that is to say, serious cases. In other cases, the prosecution may only apply for a fitness remand where the issue has been raised by the accused, or the prosecution alleges that there are substantial reasons to doubt that the accused is fit to stand trial.

Another problem exists in relation to the admissibility of statements that the accused may have made to the psychiatrist or others in the assessment team during the course of a fitness evaluation. Under the present law, such statements are generally admissible in evidence against the accused, even though he or she may have thought that they were being made in confidence. Although it may be surprising to some honourable senators, statements made in the course of a doctor-patient relationship are not considered to be confidential for purposes of the criminal law, and therefore the doctor may be compelled to testify as to what his or her patient told him. Such statements could, of course, have disastrous effects upon the case for the defence at trial. As a result of this risk, there is a tendency for defence lawyers to advise their clients to say nothing to the examining psychiatrist, and this, of course, undermines the whole purpose of court-ordered examinations. Therefore the current law is neither fair nor practical.

The proposed law remedies the situation by declaring that statements made by the accused to a psychiatrist or others during the course of a court-ordered psychiatric examination are inadmissible in evidence without the consent of the accused. There are exceptions to this general rule. Since the purpose of the assessment is to determine the fitness of the accused to stand trial, it would be illogical to exclude statements which help the court to answer that question. However, they should be admissible only for that purpose and not for the purpose of establishing the guilt of the accused.

There are other exceptions which are designed to discourage the accused from committing perjury, or telling a different story to the court than he told to the psychiatrist. These exceptions only apply if the accused testifies at his trial. So the proposed amendments provide protection for the accused, but at the same time are designed to prevent the accused from positively misleading the court.

A third example of how the present law shows little regard for the rights of the accused is its lack of guidance on the procedures which are to be followed in assessing what to do with the accused while he or she is "awaiting the pleasure of the Lieutenant Governor." The Criminal Code leaves it to the Lieutenant Governor to determine whether the accused should be detained in "safe custody", or whether "it would be in the best interests of the accused and not contrary to the interest of the public" to discharge the accused, either absolutely or subject to such conditions as the Lieutenant Governor may prescribe in subsection 617(1) of the Criminal Code. However, the Criminal Code imposes no criteria for exercising this discretion, requires no regular hearing—in fact requires no hearing at all—and does not provide for an appeal. It is true that section 619 of the Criminal Code sets out certain procedural rules with respect to the holding of hearings by an advisory review board. However, these are minimal, and in any case, as I mentioned earlier, there is no obligation under the present law to set up a review board. Even if one is set up, the Lieutenant Governor is not bound to follow its recommendations.

The only bright spot, as far as the mentally disordered accused is concerned, is that the courts recently have imposed a requirement on the review boards to act fairly, and they have placed an onus on the Lieutenant Governor to assure that the procedure before the board was fair.

The proposed legislation provides much more protection for the mentally disordered accused. It sets out a greater range of dispositions which can be made, and it says that the one that is the least restrictive so far as the accused is concerned should be chosen, so long as it is consistent with the protection of the public. It sets out basic rules of procedure to be followed, to assure that the procedure will be fair and will be applied with a greater degree of uniformity across the country than has been the case in the past. It eliminates the role of the Lieutenant Governor in relation to the mentally disordered accused, transferring the decision-making power to the review boards, and it makes the establishment of review boards mandatory in all provinces and territories.

Undoubtedly the most fundamental problem with the present system of keeping a mentally disordered person in custody until "the pleasure of the Lieutenant Governor is known" is that the custody could continue indefinitely. The bill imposes an outer limit or "cap" on the length of time a mentally disordered accused can be held under the authority of the criminal law. Thus, there is a cap of "life" for murder, because the minimum sentence for murder is life imprisonment; for offences involving danger to the lives or safety of persons, or threatening the security of the state, the cap is the lesser of 10 years or the maximum sentence for the offence; and for all other offences, the cap is the lesser of two years or the maximum sentence.

There may be some cases where the behaviour of the accused is marked by repetitive or persistent aggression, or the offence itself was of such a brutal nature that if the accused were sane and had been convicted, it would have been appropriate for the Attorney General to ask the court to find the accused a "dangerous offender" and to impose an indeterminate sentence.

The bill will allow the Attorney General to make a similar application in relation to persons found "not criminally responsible on account of mental disorder"; and if the court is satisfied that the accused should be designated a "dangerous mentally disordered accused", the 10-year cap will be increased to a maximum of life. The transitional provisions of the bill allow similar applications to a commissioner in relation to mentally disordered accused who are on Lieutenant Governor's warrants at the time this bill comes into force.

It should be understood, of course, that the cap, just like a sentence, is an outer limit, and the person may be released earlier if the review board is satisfied that he or she no longer constitutes a danger to the public. On the other hand, unlike a sentence, if at the time the outer limit is reached the individual still is dangerous on account of mental disorder, that person can be committed to a hospital under the authority of the provincial mental health legislation. Hence there is greater protection for the public in relation to the mentally disordered accused than in relation to the sane offender.

I think that the capping provisions represent a very fine compromise between the need to protect the rights of the mentally disordered accused and the need to provide adequate protection for the public. They provide a greater degree of equivalence in the way in which the criminal law treats the sane offender and the mentally disordered, in a manner consistent with the "equality" section of the Charter of Rights and Freedoms. They recognize the appropriate roles of the federal and provincial governments in relation to "criminal law" and "health" respectively. In order to give the provinces the opportunity to modify their mental health legislation to dovetail with the new federal legislation, the Minister of Justice has assured her provincial counterparts that the proclamation of the capping provisions will be delayed for a reasonable length of time.

● (1450)

Finally, there is another problem area that is not dealt with in the existing legislation and which the bill addresses in a unique way. It is the question of hospital orders. In some instances the accused is found fit to stand trial, is convicted, but at the time of sentencing is found to be suffering from a mental disorder in an acute phase, which if not treated immediately is likely to result in a significant deterioration in the mental or physical health of the offender, or in the offender causing serious bodily harm to himself or others. At the present time the court has no power to order that the offender be sent to a hospital or other treatment facility. All that the judge can do is to make a recommendation to the authorities in charge of the prison where the offender is to serve her or his sentence that appropriate psychiatric care be provided to the offender on an urgent basis.

As a result of advice received during a very extensive consultation process, the government is proposing to give the courts the power to order that the offender spend up to the first 60 days of his sentence receiving treatment in a hospital or other treatment facility, at the end of which time he or she would be transferred to the prison to complete their sentence, unless some other arrangement were made between the prison and the hospital for further care and treatment. Thus, what is proposed in the bill is a relatively short period of treatment designed to stabilize the offender's mental condition so that it does not pose a threat either to the offender or to others.

There are other differences as well. The Canadian proposal, unlike the United Kingdom one, would require the consent of the offender and the hospital before such an order for treatment could be made; the British scheme only requires the consent of the hospital. The Canadian proposal would limit the availability of hospital orders to situations where the mental disorder was in an "acute phase", requiring immediate treatment on an urgent basis; the British scheme allows an order to be made where "appropriate". The Canadian proposal has more exclusions: Those serving a term of imprisonment of less than 60 days or serving a sentence on an intermittent basis and those whose term of imprisonment is imposed in default of complying with an order to pay a fine or an amount by way of restitution.

Despite these limitations on the application of the order proposal, a number of the provinces expressed concern that this implementation might have serious financial implications for them. The Minister of Justice has therefore proposed to her provincial counterparts that the proclamation of the hospital order scheme on a national basis be deferred, and that instead it be proclaimed in one or two provinces which are willing to have it implemented on a pilot project basis. This would allow the scheme to be assessed and evaluated in operation over a two to three year period before a decision is taken to implement it nationally.

There is a great deal more that we could say about this bill, for not only is it a large bill, but it also represents a major social advance in the way in which we deal with the mentally disordered who have come into contact with the law. I urge honourable senators to give this important legislation speedy passage so it can be implemented in the shortest possible time, particularly in light of the short extension—until February 5, 1992—given to Parliament by the Supreme Court of Canada as a result of an application by the Federal Government to extend the original six month period set out by the court in *Swain versus the Queen.*

On motion of Senator Stanbury, debate adjourned.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I would like the clerk to revert to the Orders of Business and call the report of the banking committee at this stage.

INSURANCE COMPANIES BILL
COOPERATIVE CREDIT ASSOCIATION BILL
TRUST AND LOAN COMPANIES BILL
BANK BILL

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the third report of the Standing Senate Committee on Banking, Trade and Com-

merce (subject matter of Bill C-28, the Insurance Companies Bill; Bill C-34, the Cooperative Credit Association Bill; Bill C-4, the Trust and Loan Companies Bill; and Bill C-19, the Bank Bill).

Hon. Jean-Marie Poitras: Honourable senators, I had the pleasure earlier today of presenting the report of the pre-study by the Standing Senate Committee on Banking, Trade and Commerce on Bill C-28, Bill C-34, Bill C-4 and Bill C-19. These four bills—which are now going through the final stages of third reading debate in the other place—propose nothing less than a radical change in the framework within which financial institutions in Canada will operate.

I do not wish to discuss today the substance of the report of the pre-study, nor the issues raised by the legislation. There will be time enough for that when the bills are officially received and debated by the Senate. What I will address is the process involved in the pre-study.

On October 23, 1991, the Deputy Leader of the Government moved that the Senate Committee on Banking, Trade and Commerce be authorized to do a pre-study of the four bills dealing with the trust companies, the banks, the insurance companies and the co-operatives. At that time, Bill C-4 and Bill C-19 had already been dealt with at committee stage in the other place, while the other two bills were proceeding rapidly to committee stage.

The Senate Banking Committee, through its major studies of financial regulation in Canada, has played an important role in the form that this legislation has taken. It was important that the Senate have the opportunity to review the final legislation before it left the other place in order to both provide guidance to the government and to ensure that the bills are able to proceed through Parliament in a timely fashion.

Honourable senators, from time to time special situations such as this one arise, situations in which we are called upon to demonstrate flexibility to avoid needless confrontation between this chamber and the other place, and to give us the opportunity to have a positive impact on legislation. After some debate and some indications of reluctance by our colleagues on the other side of this chamber to proceed with the pre-study, we were able to go through a very constructive process. Their cooperation in the committee was appreciated.

● (1500)

The pre-study began with the process of consultation with numerous interested parties—the major industry associations, banks, insurance companies and government officials. It ended with two days of formal hearings with witnesses from the Department of Finance and those major industry groups that wished to appear.

Today, the final report of the pre-study has been tabled. It has proven to be a valuable exercise, one which reaffirms the important role of the Senate in the legislative process. I will have more to say on this issue at a later date when debate on the bills begins officially in the Senate.

[Senator Lynch-Staunton.]

With those remarks, I offer to senators the number and the names of all witnesses who appeared on those two days of committee hearings.

On motion of Senator Molgat, debate adjourned.

FEDERAL REAL PROPERTY BILL

SECOND READING—DEBATE ADJOURNED

Hon. C. William Doody moved the second reading of Bill C-3, respecting the acquisition, administration and disposition of real property by the Government of Canada.

He said: Honourable senators, I am pleased today to move second reading of Bill C-3, respecting the acquisition, administration and disposition of federal real property.

This bill would bring together, in one statute, the general authorities necessary to buy, sell or lease the lands and buildings government departments use in the delivery of programs and services to the Canadian public. These proposals are designed not only to make land transactions more efficient but also simpler and more understandable by the public.

As it stands now, real property legislation at the federal level is highly complex. Federal real estate—and by this I mean not only undeveloped land but also land complete with buildings—is governed by over 60 acts of Parliament. These 60 or more distinct pieces of legislation can be thought of, roughly speaking, as falling into one of three categories: first, those statutes setting out a regulatory policy, such as the Canadian Environmental Protection Act; second, statutes governing departmental programs with major property components, such as the National Parks Act and the Indian Act; third, and most pertinent to us today, those statutes that set out internal government processes and authorities, such as the Financial Administration Act.

Bill C-3 would fall into the last category, as its proposals concern internal government processes. The bill deals with the general authorities needed for the conveyancing of real property used by government departments to deliver programs to Canadians.

The bill covers many transactions, such as purchases, sales, leasing and licensing, easements, mutually agreed upon transfers between departments and between departments and agent corporations, and transfers to and from the provinces.

Currently, three separate and often conflicting statutes govern the way most real property transactions are handled. These statutes are the Public Lands Grants Act, the Public Works Act (Part II) and the Surplus Crown Assets Act. These acts are complex and out of date.

The Public Lands Grants Acts and Part II of the Public Works Act as they apply to real estate transactions are essentially unchanged from the 1890s—100 years ago. We have been operating with a real property regime designed for the horse-and-buggy era dealing with assets that belong to all Canadians. Clearly, it is time that this legislation be modernized.

The third piece of legislation, the Surplus Crown Assets Act, was not designed to deal with land and is totally inadequate to do so.

These statutes do not allow the use of modern real property methods or practices familiar to the private sector. They use different terms to describe the same things and they use different mechanisms to carry out the same kinds of transactions.

In contrast, the proposed federal real property act would enable the government to use the same means to buy or sell property that are used by the public but with appropriate controls in place. This would make it faster and easier for people to deal with the government.

By simplifying and modernizing real property management, these legislative proposals would increase efficiency and property transactions and reduce delays to the public. They would eliminate differences in approach that now exist between the government and the public. In Alberta, we would be able to do things the Albertan way and in Ontario, the Ontario way, and so on.

The bill would give the government the flexibility it needs to be a more efficient manager of real property. It would improve service to the public in a significant way by allowing the government to use modern methods in dealing with Canadians when it buys, sells, leases or transfers land or buildings.

However, it is important to understand that these proposals are limited in scope. I would like to emphasize that they would not affect the management of lands governed by special legislation, such as the Indian Act, the National Parks Act or the Territorial Lands Act. In each case, the specialized legislation would override the proposed Federal Real Property Act.

Nor would these proposals affect the management of lands held by Crown corporations. Crown corporations would continue to manage properties in support of their commercial and public policy objectives under their own legislation, or under the Financial Administration Act.

The bill would, however, apply to the property transactions of about 20 departments of the federal public service that hold land for delivery of programs to Canadians. These holdings cover everything from cultural centres, roads, employment centres, lighthouses, nursing stations, research labs, and farms to airports, penitentiaries, police detachments and embassies. Most of this property, honourable senators, is devoted to providing direct services to the public. It represents the full range of facilities needed to deliver federal government services to Canadians.

In addition to streamlining government procedures to better deal with the general public, the proposed Federal Real Property Act would ensure a consistent and clear accountability regime.

The bill clarifies responsibilities for real property transactions within the federal government. First, a department does not own its real property; it is simply the steward of this property for the Crown. Stewardship carries with it two major responsibilities to the government and to the taxpayers: That is, the responsibility to use the property to deliver government programs during its temporary possession; and the responsibility to manage and maintain the property.

Second, the bill clarifies the role of Treasury Board as a source of central real property management policy and coordination. It provides the board with the powers and authorities to establish a consistent set of policies and regulations governing real property transactions.

Third, the bill clarifies the role of the Minster of Justice as the solicitor to the Crown on real property conveyancing. This underscores the role of the Minister of Justice in ensuring the quality of property transactions.

In conclusion, the legislation we are proposing today clarifies, codifies and simplifies existing practices in legislation to ensure good management of real property transactions. These measures are straightforward. They would clarify and simplify current arrangements for buying, selling, leasing, licensing and transferring federal real property. They are designed to eliminate inconsistencies between laws that treat similar transactions in different ways, and use modern methods in federal land transactions.

Passage of Bill C-3 would improve service to the public by reducing delays and frustration on the part of the public who deal with the government on land transactions. It would reduce the cost and increase the efficiency of how the government manages our properties.

Honourable senators, it is my hope that should this bill pass second reading, it would be referred to a Senate committee for further study. It appears to be a housekeeping bill. However, I have learned over the years to be very leery of housekeeping bills and would recommend it to the committee for study.

• (1510)

The obvious committee to which to refer this bill would be the Standing Senate Committee on National Finance. However, I am told that the schedule of that committee is full until well into January. The alternative would be the Standing Senate Committee on Legal and Constitutional Affairs, since the Minister of Justice is involved in the administration of the bill. When the appropriate times comes, I would ask the Senate to refer this bill to that committee for consideration.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I intend to adjourn the debate for one of my colleagues, but I would ask Senator Doody if he could let us know as early as possible which committee the bill might go to.

Senator Doody: The Standing Senate Committee on Legal and Constitutional Affairs.

Senator Molgat: I understand that committee is loaded with material, namely, the gun control bill and other legislation.

Senator Doody: I spoke to the chairman, and he assures me that he will treat this bill with the greatest possible expedience.

On motion of Senator Molgat, debate adjourned.

AGRICULTURE

CANADIAN GRAINS—ANTICIPATED LOW MONETARY RETURNS—EFFECT ON FARMERS—DEBATE ADJOURNED

Hon. H.A. Olson rose pursuant to notice of September 17, 1991:

> That he will call the attention of the Senate to the prospects for sale of Canadian grain and the effects on farmers of anticipated low dollar returns from those sales.

He said: Honourable senators, I wish to say a few words. It is appropriate that I speak on this inquiry, because the Minister of Trade and the Minister of Agriculture are in Geneva today.

The sale of Canadian grain in the international market has been drawn forcibly to the attention of all members of Parliament and all senators by the visit of 100 representatives of the political parties and the farm organizations in western Canada during the last two days. The goverment has not been able as yet, in spite of the efforts of the two ministers, to give any hope to farmers that there will be a change in the policy of the EEC or of the U.S.A. with respect to the export enhancement subsidies that have been used to devastate the grain producers in countries such as Canada, Australia and Argentina. I hope that the ministers will find a way to negotiate. Some days there appears to be hope of a negotiated settlement, and on other days it appears that international grain prices will remain where they are for a long time.

The government has already declared that it does not have any further funds to aid those people who are going bankrupt in the grain and oilseeds sector. We need to resolve this problem.

The other point I wish to make is that the government should take a long-range approach to the problem. Even if the devasting subsidy programs are withdrawn, if the EEC and the United States insist on taking action in the international market to obtain a larger share of the international market, it will not make much difference to the efforts of the Canadian Wheat Board. The Wheat Board will have to adjust its price to meet the competition. Therefore, I hope we can find some basis for negotiation.

A large part of the Canadian economy is in serious financial condition at this time. As late as yesterday, there did not appear to be much hope coming out of the discussions between the Canadian ministers and the representatives of the United States and the EEC as they attempt to find a solution to the competition problem.

This inquiry will probably be transferred to motions. We could perhaps finish the debate on this matter as a later date. At that time, there may be additional clarification as to whether or not those two ministers met with any kind of success in their discussions today.

On motion of Senator Olson, debate adjourned.

PRIVILEGES, STANDING RULES, AND ORDERS

NOTICE OF MOTION TO SUSPEND RULE—SPEAKER'S RULING DEFERRED

On Motion No. 7:

> That pursuant to rule 3 which supports practice, and based on rule 2 for the maintenance of privilege, as it is a matter of universal privilege and of profound constitutional significance, therefore the Senate's vote upon Order No. 2 under Other Business, being a resolution to rescind the adoption of the present rules as resolved on June 18, 1991, with less than two-thirds majority at that time, in contravention of then-rule 47(2), will be resolved in the affirmative, though without thereby setting a precendent of general practice, if a simple majority of voting Senators assent.

The Hon. the Speaker: On Senator Haidasz' motion of last day, Senator Lynch-Staunton commented on the procedural acceptability of this motion. The Chair wishes to take this matter under advisement and report back to the Senate at the next sitting.

Hon. Senators: Agreed.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Nathan Nurgitz, pursuant to notice, moved:

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

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

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senator, I received a message just a few moments ago to the effect that the bill which I referred to earlier that might have come to us today and which we would have had to deal with expeditiously, will not be introduced in the other place until tomorrow. Therefore, I move that the Senate do now adjourn.

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

Hon. Senators: Agreed.

The Senate adjourned until Tuesday, December 3, 1991, at 2 p.m.

APPENDIX

(*See p. 622*)

INSURANCE COMPANIES BILL
COOPERATIVE CREDIT ASSOCIATION BILL
TRUST AND LOAN COMPANIES BILL
BANK BILL

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE

THURSDAY, November 28, 1991

The Standing Committee on Banking, Trade and Commerce has the honour to present its

THIRD REPORT

Your Committee, to which was referred the study of the subject-matter of

- Bill C-28, An Act respecting insurance companies and fraternal benefit societies, in advance of the said Bill coming before the Senate or any matter relating thereto.

- Bill C-34, An Act to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters, in advance of the said Bill coming before the Senate or any matter relating thereto.

- Bill C-4, An Act to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters, in advance of the said Bill coming before the Senate or any matter relating thereto.

- Bill C-19, An Act respecting banks and banking, in advance of the said Bill coming before the Senate or any matter relating thereof,

has, in obedience to the Order of reference of Wednesday, October 23, 1991, examined the said bills and now reports the same with the following proposed amendments and recommendations.

INTRODUCTION

On Friday November 15, 1991 the Senate Standing Committee on Banking, Trade and Commerce completed its mandated pre-study of the four bills with intensive public hearings from major interested groups.

These Bills are currently undergoing third reading in the House of Commons. The current Bank Act was last revised over 10 years ago and is due to expire on 1 April 1992 (after receiving a one year extension from its original expiry date of 31 march 1991); legislation governing the other financial institutions, the trust and loan companies, the insurance companies and the co-operative societies, has not undergone any major revision in more than 50 years.

The financial services industry and the public await the radical restructuring of the framework within which financial institutions in Canada will operate. The goals of the reform include :

1. Consumer Protection and Financial Institutions Stability

. improving consumer protection,
. ensuring the soundness of financial institutions and the stability of the financial system,
. controlling self-dealing and
. guarding against abuses of conflict-of-interest.

2. Enhancing Competition

- promoting competition and efficiency,
- enhancing the convenience and options available to consumers in the marketplace,
- broadening the source of credit available to individuals and businesses and
- promoting international competitiveness and economic growth.

3. Federal-Provincial Considerations

- promoting the harmonization of federal and provincial regulatory policies.

After many years of trying and several false starts the federal government finally submitted its major pieces of financial legislation for consideration by Parliament. The Senate Standing Committee on Banking, Trade and Commerce has had a major role in shaping federal financial policy toward financial institutions and the legislation now before Parliament bears witness to this influence. Many of the recommendations of the Committee's May 1986 report, "Towards a More Competitive Financial Environment" and its May 1990 report "Canada 1992 -- Toward a National Market in Financial Services" have been reflected in the legislation.

Regarding the ownership of financial institutions, the Committee recommended that a stand-alone trust company may be wholly owned, no matter what the size. However if it is part of a commercial or financial conglomerate, 35 per cent of its shares must be traded within a reasonable period of time. If a newly-created trust company is subject to the Committee's 35 per cent rule, it would have ten years to meet the requirement.

Section 379 of Bill C-4 requires that a company with equity, including minority interests in its subsidiaries, of $750 million or more take steps to ensure that at least 35 per cent of total voting rights of the company are attached to shares both widely held and belonging to classes listed for public trading on a recognised stock exchange. (A similar requirement applies to Schedule II banks in Bill C-19 and to insurance companies in Bill C-28.)

Since stand-alone trust companies tend to be small, the government has, for all practical purposes, followed the Committee's recommendation. With respect to large trust companies, which do tend to be part of conglomerates, the government required a 35 per cent float as the Committee had recommended.

With respect to banks, the Committee recommended that the government re-affirm that no one be permitted to have a significant interest in any class of shares of a bank (the 10 per cent rule), and section 372 of Bill C-19 contains this provision.

The Committee further recommended that a closely held trust or insurance company be permitted to own a Schedule II bank, subject to the requirement that its shareholding decline to 10 per cent within ten years. The 35 per cent rule would not apply because the long-run 10 per cent rule is more stringent. Section 376 of Bill C-19 deals with the issue in this manner.

The Committee recommended that any financial institution could own an institution in another pillar, subject to the ownership rules that apply to banks. Banks would be able own trust and insurance companies; trust companies, insurance companies and Schedule II banks (subject to the 10 per cent rule after 10 years), mutual insurance companies, trust companies and Schedule II banks. This is essentially what is permitted in the bills before Parliament.

The investment powers of trust and insurance companies have been expanded substantially, guided by the principles of a prudent portfolio. This is also in line with recommendations of the Committee. Further, the Committee recommended a broad range of networking opportunities for financial institutions, subject to conflict of interest rules. The federal government proceeded along this vein with two important exceptions. Deposit -taking institutions are prohibited from networking insurance products (with minor exceptions) and federally-incorporated institutions are still prohibited from automobile leasing through subsidiaries or networking arrangements.

The sections of the financial legislation covering self-dealing are in line with the Committee's views as expressed in "Canada 1992". In general, such transactions are banned.

Finally the government has strengthened the role of directors in providing for corporate governance in a manner consistent with the recommendations of the Committee. No more than 15 per cent of the directors of a financial institution may be inside directors (officers or executives of the institution) as the Committee recommended. Further no more than two-thirds of directors may be affiliated with the financial institution. The Committee had recommended a ceiling of one-half, but the definition of affiliation used in the bills is quite similar to that of the Committee. It includes employees, significant borrowers and suppliers or shareholders of the company.

The Senate Committee on Banking, Trade and Commerce, in its previous reorts, laid out a very ambitious program for reform of the legislation and regulations governing Canada's financial system. Much of its work has made its way into the current legislation. No doubt other recommendations will have their impact through the regulations and further down the road in the re-examination of the current bills that is called for in five years.

The pre-study which was completed with public hearings on 14 and 15 November 1991 has raised a number of issues which are presented in this report. In some cases specific changes to the bills are called for to ensure that the legislation does in fact create the foundation for a sound financial framework. In addition a number of recommendations are made which will enable the Senate Committee to continue its constructive interaction with the government in the ongoing improvement of the regulation of financial institutions. What follows immediately are the general recommendations, after which the specific amendments proposed are presented.

CHAPTER I

RECOMMENDATIONS

Regulations

Once these bills become law there are important regulations that must be drawn up by the regulator - concerning demutualisation and the 10/50 rule with respect to permitted investments for example. (The bills list a number of permitted investments for banks, trust companies and insurance companies. However, a company must have either more than 50 per cent of the voting shares of the company or less than 10 per cent of the voting shares if they make such investments. Intermediate investments are subject to regulation.)

It is important that these regulations be timely and that they strike an appropriate balance between the sometimes conflicting goals of protection of a sound financial framework and the ability of the regulated parties to be successful in the increasingly competitive global environment.

1. The Committee recommends that public hearings by the Senate Standing Committee on Banking, Trade and Commerce be held before the regulations take effect, to gain public input into those regulations that are considered by the Committee to be particularly significant to the financial system.

Financial Sector Developments

A related point deals with consideration of the impact of the legislation which will come up for review in five years. Because of the significant changes that are to be made to the financial system in Canada and because of increasing global competition in the financial sector, it would be useful to periodically review the impact of this legislation on the financial environment in Canada. If such a review were to be carried out, then when the time for reconsideration of the legislation arrives, there will be a solid foundation of information from which to operate.

2. The Committee recommends that the Department of Finance report at least every two years to the Senate Banking Committee on developments in the financial marketplace following the proclamation of the legislation, including regulatory issues and problems related to the legislation that may arise. Input from the public in general and industry in particular would also be solicited.

Restrictions on Banks, Trust Companies and Insurance Companies

The government's reform has gone a long way toward breaking down barriers among the pillars of the financial sector, as the Senate Banking Committee had recommended in its major studies of the financial system. In particular it would allow financial institutions to diversify into almost any financial area either through expansion of in-house powers or through subsidiaries. There are specific restrictions however. Automobile leasing is not permitted in federally incorporated financial institutions. Banks and trust companies are not to undertake the business of insurance (with some limited exceptions) and insurance companies are not allowed to accept deposits (again with some minor exceptions). Banks and trust companies may buy insurance companies; insurance companies may buy trust and loan companies; and any widely-held regulated financial institution may own a Schedule II bank. The Committee is quite concerned about the regulations that will be developed to implement these restrictions. Will they maintain the prohibitions specified in the statutes?

3. (a) The Committee recommends that the government follow through with clear regulations on its prohibition of in-house insurance powers for banks and trust companies and on deposit-taking by insurance companies.

(b) The regulations should make it very clear that a bank which owns an insurance company must disclose this fact to those clients to whom it provides financial counselling services.

Deposit Insurance

There is a complex, multidimensional relationship among governments, regulatory bodies and financial intermediaries. The four bills which are the subject of the pre-study deal with critical aspects of the relationship between the federal government, the regulators and the federally incorporated financial institutions.

There are however, important institutions which play a major role in the soundness of the financial framework in Canada which fall outside the scope of these bills and hence the pre-study of the Committee. The Bank of Canada, the Canada Deposit Insurance Corporation (CDIC), the Canadian Life and Health Insurance Compensation Corporation (CompCorp) and the Property and Casualty Insurance Compensation Corporation (PACIC) are important examples. The first two are government bodies; the latter two, private sector initiatives of the life and health insurance industry and the property and casualty insurance industry, respectively. These institutions are critical to maintaining consumer and foreign confidence in the Canadian financial system.

During the pre-study questions were raised about the insurance system standing behind the financial institutions in Canada. Is it adequate? Can it be improved?

In December of 1985, the Senate Committee on Banking, Trade and Commerce released the report, "Deposit Insurance". Recommendations were made in a variety of areas - the power to set standards for admission to and maintenance of insurance which was adopted by the government, for example - but by and large CDIC has remained unchanged. Given the serious problems which have arisen in the United States with its deposit insurance schemes it is important to ensure that the Canadian system continues on a sound, responsible basis.

4. The Committee recommends that it undertake an in-depth study of CDIC, CompCorp and PACIC. The structure, the powers and the operations of these insurance schemes should be examined with a view to making recommendations that the government will be able to use to improve the foundation on which the Canadian financial system is built.

Pari Passu Debt

While Bill C-28 would not prevent an insurance company from issuing non-subordinated debt, i.e., debt that would rank equally with policyholder liabilities in the event of the liquidation of an insurance company, the Winding-Up Act prevents this. The latter ranks the claims of policyholders above all other debt of insurance companies. Banks are able to issue *pari passu* debt; trust companies can issue certificates of deposit which the market treats as debt and prices accordingly. Insurance companies face a competitive disadvantage in the marketplace because of this situation.

One concern voiced concerning *pari passu* and insurance companies is capital adequacy to satisfy obligations in the case of liquidation. The banks and trust companies have the Canada Deposit Insurance Corporation. The recent establishment of the Canadian Life and Health Insurance Corporation (CompCorp), in which membership will be legally required under the Insurance Companies Act, now guarantees payment of benefits to policyholders in the event of a liquidation.

5. After its study of deposit insurance and policyholder insurance, the Committee will consider recommending a change in the winding-Up Act to remove the absolute priority of policyholders over all other debt. Change should only come however, after it has been made clear that policyholders will retain their current level of protection.

Client Information

One issue of considerable concern to the Committee is the protection of privacy and the transmission of confidential client information among financial institutions. This has become a global concern. The Committee is of the view that the interests of the consumer must have unquestioned priority.

The OECD has established guidelines on the protection of privacy and transborder flows of information. Some European jurisdictions have used regulation to tightly control the transfer of confidential consumer information among financial institutions.

In his most recent annual report the federal Privacy Commissioner has stated:

"... the Commissioner considers action on (a recommendation that Parliament amend the Privacy Act to require federally-regulated private sector firms t develop, file and implement privacy codes based on the internationally accepted principles established in the OECD guidelines) is urgent. Not only do Canadians deserve this much privacy protection but, without it, Canadian firms risk labouring under a significant competitive disadvantage in their post-1992 dealings with Europe."

Although the various industry associations have adopted voluntary codes of conduct to be followed by their members, the government has not expressed any views on these codes nor on what it would like to see in this area. The legislation provides little guidance. Section 444 of C-4, section 459 of C-19 and section 490 of C-28 state:

The Governor in Council may make regulations governing the use by a [company (C-4 and C-28)] [bank (C-19)] of any information supplied to the [company] [bank] by its customers.

There is no statement of intent to guide the making of such regulations. Many questions come to mind.

6. Given the intent of the legislation, the Committee urges the Department of Finance and the Superintendent of Financial Institutions to establish those regulations that will be needed to ensure that the goals of the legislation concerning the separation of insurance and banking are met specifically to prevent the transmission of client information from banks and trust companies to insurance companies. The Senate Standing Committee on Banking, Trade and Commerce intends to undertake a study early in the new year to clarify the regulatory issues related to confidentiality of client information.

7. The Committee recommends that it undertakes a study early in the new year to examine and clarify the policy issues related to the confidentiality of consumer information.

Federal-Provincial Harmonization

The issue of federal-provincial harmonization has been addressed by the Committee before. The issue was raised again at the public hearings. It is an issue which runs the risk of not being taken seriously because it has been raised so often - but this should not happen. The plea of the Trust Companies' Association makes the point simply and directly.

"The right to regulate financial services outside the domain of "banking" continues to be claimed by both the federal and provincial governments. As you are aware, non-bank institutions are faced with multiple, duplicative, and sometimes conflicting regulatory regimes. The lack of simple harmonisation of the regulatory regimes means that trust and loan companies, in particular, will continue to bear a substantially heavier and more costly regulatory burden than will the institutions with which we compete, namely the banks.

.....

For the trust industry therefore, the first, foremost and most important step which is left to be achieved in this round of reform is harmonisation or some form of designated jurisdiction scheme which will allow companies to operate under one set of rules with one supervisory agency."

This is a serious problem - one which was discussed by the Committee in its 1986 report, "Towards A More Competitive Financial Environment" and reiterated in its 1990 report "Canada 1992, Toward a National Market in Financial Services". The Committee recommended in the 1986 report - that the federal government take the initiative to establish, with the provincial governments, a Permanent Committee of Ministers Responsible for Financial Institutions. (Recommendation 80) This body would be responsible for achieving policy harmonization. In the 1990 report the Committee observed that:
"If Europeans can harmonize across national boundaries, then Canadians can surely harmonize across provincial boundaries." (Recommendations and Observations 53).

Further, the report also called for:

- a new consensus on key standards and principles
- a federal-provincial accord on regulation
- acceptance of the designated jurisdiction concept. (Recommendations and Observations 54)

8. The Committee wishes to reaffirm strongly its call for real progress on federal-provincial harmonisation.

Transition

When these bills become law, there are certain decisions that will have to be made by the financial institutions. For example, sections 70 and 71 of Bill C-28 require that certain decisions be made by insurance companies concerning entries into "stated capital accounts".

9. The Committee recommends that the government provide for a period of transition to allow the financial institutions to accomplish the specific directives that are to be met after the laws are proclaimed.

Some concern was expressed during the hearings about the concept of "well-being" and the difficulties auditors may have in reporting on this attribute of a financial institution.

10. The Committee agrees that this is a difficult concept. It wishes however to draw a parallel with the term "public interest". Many professions, administrative tribunals and institutions are charged with the responsibility of acting in the public interest - the CRTC and the National Energy Board, for example. The Committee views auditors as responsible professionals who are called upon to provide information that is critical to public confidence in the financial system. The Committee is confident that the auditing profession will deal with the concept of "well-being" in the same professional way in which it deals with financial statements.

Chapter II

Suggested Amendments

The Senate Committee Standing on Banking, Trade and Commerce was able during its pre-study to obtain the views of a variety of groups with a stake in the current reform of our financial institutions. These groups came before the Committee to express their concerns about the four bills involved. For the most part they had already participated in hearings held by the Commons Finance Committee, where they had made a number of suggestions, some of which were adopted. At the Senate level they came to reiterate what they considered essential points.

Having heard the witnesses, the Committee is now in a position to suggest amendments to Bills C-4, C-19, C-18 and C-34.

It should be noted at the start that the bill for which the most amendments have been proposed is Bill C-28, respecting insurance companies and fraternal benefit societies. Only a handful of amendments have been made to the other three bills.

Overall the proposed reform of the legislation governing financial institutions should lead to greater competition through the larger range of services that the institutions will be able to offer, greater protection for depositors and insurees, more acute competition among institutions on both the domestic and foreign markets, and negotiations with the provinces on harmonizing the regulations.

Bill C-28, An Act respecting insurance companies and fraternal benefit societies

The aim of Bill C-28 is to help complete the reform process that has been under way since 1985. More specifically, the Bill updates the provisions governing the way insurance companies do business, so that they reflect the modern vision of company law. Expanding the field of activities open to insurance companies is also part of the Bill's aim, as is the imposition of stricter rules governing non-arm's-length transactions and the requirement that at least 35% of the voting stock in the bigger companies be traded and held by the general public.

In essence the amendments suggested by the Committee are of a technical nature and do not change the intent of the proposed reforms. However, some of the Bill's provisions could, at least in the opinion of some of the groups that appeared before the Committee, be interpreted in a variety of ways, which could cause confusion: for this reason it is important that they be amended before the Bill becomes law.

Part VI - Corporate Governance

i - Shareholders and Policyholders

The Committee is suggesting three amendments regarding corporate governance by shareholders and policyholders. They concern the "record date" and the conditions required for a right to vote.

The Bill refers to a record date. The thrust of the first amendment is the way in which this date is set. As noted in clause 142 of the Bill, the directors may set a record date for the determination of the shareholders who are entitled to dividends, the shareholders or policyholders who are entitled to participate in a liquidation distribution, and the shareholders and policyholders who may receive payment of a policy dividend or bonus. The record date may affect the relative share distributed. Because these dates are set on a three-year basis, the resulting cycle may be more or less advantageous (given the relative financial position during this period) for shareholders or policyholders, depending on the good will of the directors.

Record dates should not be set by the directors when the matter at issue is the establishment of contractual rights regarding the distribution of earnings. The Committee therefore proposes:

1. That clause 142(1)(c) of Bill C-28 be amended by the insertion of a comma after the word "meeting", and the addition, after the word "bonus", of the words "and all other rights arising from the policy, other than the right to vote".

The other two amendments proposed by the Committee relate to voting rights. Policyholders' voting rights are defined in greater detail in the existing legislation than in Bill C-28. the Bill defines a number of ways that a vote can be cast, but neglects to be precise about the right to vote in itself. As a result, there is a risk that the legislation may take precedence over the contractual bond that establishes the right to vote. To prevent any confusion, the Committee proposes:

2. That Bill C-28, {clause 153} be amended by the insertion of a provision explicitly stating that anyone who holds a policy from a life insurance company, or a dividend-earning life insurance policy that does not require the payment of premiums, has the right to attend meetings of policyholders or of shareholders and policyholders, and to vote.

The third amendment would affect clause 164 of the Bill, which deals with the obligation to inform the policyholder of his right to attend and vote at meetings and to provide for proxies. Under this clause the policyholder must be sent a form that he can return stating whether he wishes to receive notices of meetings over the next three years. The clause requires solicitation every three years, but unless the policyholder requests notification in writing, there is no obligation to send him notices of meetings. The costs of such solicitations are another factor in informing only those who have expressed the wish to receive notices. The three-year cycle could cause problems for some companies and affect the rate of attendance at the meetings. The Committee therefore proposes:

3. That clause 164 of Bill C-28 be amended by the insertion, after the word "company" in the fifth line of the clause, of the words "or, in the case of policies already issued, in the 15 months that follow the coming into force of this section,", in order to extend the application of clause 164 and clause 143(1)(b) to policyholders who have the right to vote at the time this Bill comes into force.

ii - Structural modifications

Two amendments are being proposed in this respect, one regarding mutualization and the other demutualization. The aim is to clarify certain terms.

Bill C-28 contains an entire section on mutualization but its application is not clearly defined. The legislation suggests that there must be provisions governing mutualization but the way the provisions would be acted on is not spelled out. The Committee therefore proposes:

4. That clause 234(b) of Bill C-28 be amended to provide that Division X of Part VI, permitting a mutual company to acquire non-offered shares (up to 10 per cent of any category), be applied as follows:

- mutatis mutandis, as though the corporation were the offeror and each of the holders of non-offered shares an offeree, these two terms to be understood as defined in section 307(1), on condition that the corporation send interested parties an offeror's notice, in accordance with section 309(1), within the time limit set down in the mutualization proposal.

The Committee further suggests:

5. That the use in clause 237 of Bill C-28 of the term "mutual reorganization or demutualization" should allow the Minister and the industry greater flexibility vis-à-vis the proposed changes in the industry.

iii - Actuaries

With respect to actuaries, the Committee is proposing an amendment of a technical nature, which would simply make the English and French versions of clause 369(1) correspond:

6. That the French version of Bill C-28 be amended by the substitution, in the fourth line [of clause 369(1)] of the words "dont il a pris connaissance" for the words "portée à son attention".

iv - Legal recourse

A further amendment concerns actuaries' privilege of immunity from legal action. It is designed essentially to protect actuaries against civil suits arising from their work.

At issue is the question of whether the privilege that auditors and actuaries now enjoy is sufficient, given the risks involved. It can be argued that an actuary working under Parliament's orders who is the object of a civil suit arising from his work should not, in addition to having to defend his career, face the loss of personal assets because of the costs of such a suit. The Committee therefore proposed:

7. That clause 370 be re-numbered 370(1) and that new provisions be added as follows:

(2) an appointed actuary or former appointed actuary who in good faith makes an oral or written statement or report under section 363 or subsections 369(2) and 369(3) shall not be liable in any civil action arising therefrom.

Part VIII - Business and Powers

Five amendments are proposed under this Part. The first two deal with business in general, and more particularly with the additional powers in the area of information services and insurance subsidiaries (clause 441(1)(d)) and insurance brokerage (clause 441(1)(h)).

In the area of the provision of information services by insurance companies to their subsidiaries (clause 441), section 10 of the existing Act sets out the following provisions with respect to life insurance companies:

"(1) ... with the consent of the Minister, carry on any business that is reasonably ancillary to the business of insurance transacted by the company" and

"(2) ... provide administrative, advisory and management services" to its subsidiaries.

Based on 10(2), some life insurance companies have been providing information to their subsidiaries for many years.

The current Bank Act extends relatively broader powers to the banks and has grandfathered these activities in Bill C-19, the new Bank Act.

The draft of C-28 initially submitted to the Commons Finance Committee would have allowed life insurers to continue providing information services to their subsidiaries, but:

(1) clause 441(1)(d), which would have enabled life insurers to "engage in such (activities in which an information services corporation ... may engage) as the company was engaged in prior to the coming into force of this Part" was deleted because it was redundant to the more general clause 441(1)(h) and then

(2) the more general clause 441(1)(h), which would have allowed life insurance companies to " with the consent of the Minister ... carry on ... activities that are ancillary to the business of the company" was changed so that the activities must be ancillary to the business of insurance. It was felt that the original wording might permit insurers to engage in deposit-taking activities. These changes may create significant problems for life insurers in the provision of information services to their subsidiaries.

The proposed amendment is:

8. Reinsert paragraph (d) of clause 441(1) in the following form:

(d) in Canada, engage in the activities in which an information services corporation within the meaning of subsection 491(1) may engage, but solely in respect of its subsidiaries.

Clause 441(1)(h) of Bill C-28 gives insurance companies, with the Minister's consent, the power to "provide ... services respecting ... insurance brokerage". The brokers contend that they offer independent advice regarding insurance contracts. The new power extended to insurance companies is not compatible with this independence.

Proposed amendment:

9. Eliminate "insurance brokerage" from clause 441(1)(h) of Bill C-28.

Another provision in Part VIII of the Bill deals with participating policies. Two amendments are being suggested here, one dealing with the type of account required for payment to shareholders, the other with elimination of the $2 million ceiling on one of the factors in the formula for calculating the amount of transfers to segregated fund accounts.

The correction of references to the "stated capital account" (clause 461) is a technical point. The clause deals with the transfers of participating account profits to shareholders. The specific account identified as the one to which the funds are to be transferred is the "stated capital account". This will create technical problems for insurance companies that may wish to do other things with the transferred funds. This removes flexibility from their decision-making.

Amendment proposed to Bill C-28:

10. Change "stated capital account" to "shareholders' account" in clause 461 of Bill C-28.

Let us now look at the $2 million ceiling on transfers from participating accounts to segregated fund accounts. Normally, insurance companies establish new segregated funds for product development. By transferring seed capital to these funds and then assigning to them the revenues and costs associated with a new product, the company can more easily monitor development of the new product.

Proposed amendment to Bill C-28:

11. Eliminate the two million dollar ceiling in clause 463(2).

The last amendment suggested for this Part of the Bill involves the addition of a clause under the heading "Miscellaneous". It would be a new clause 489, setting out requirements for the use of language comprehensible to the layman in documents and forms used by insurance companies.

When customers have access to more complete and comprehensible information, they are likely to make more enlightened choices. This is already a current practice in Quebec. Alberta is prepared to go even further with its Financial Consumers Act which has a provision to deal with plain language. This provision has yet to be proclaimed to allow the affected parties to make adjustments.

The Committee is of the opinion that this is an important measure, and it therefore proposes that a new clause be included that would read as follows:

12. (1) A company must use plain language in all information and documents supplied to its customers, including, but not limited to, contracts and policy, loan and mortgage applications.

(2) Proof that reasonable efforts have been made by the company to comply and maintain compliance with subsection (1) is a complete defence

(a) in a prosecution under subsection (1), or

(b) in a dispute about whether subsection (1) has been complied with.

(3) Subsection (1) does not apply to words or forms of documents that are required by law.

In the case of Bill C-28, a new clause 489 would be required. Bill C-4 would require a corresponding new clause 443, C-19 a corresponding new clause 458 and C-34 a corresponding new clause.

Bill C-19, An Act respecting Banks and Banking
Bill C-4, Trust and Loan Companies Act
Bill C-34, Cooperative Credit Associations Act

Bill C-19, as it stands, should open the way to freer penetration of traditional markets in the banking, insurance and trust sectors. The three issues that gave the financial pillars the greatest concern related to ownership, powers and federal-provincial harmonization, though by the time the legislation reached the Senate Committee only a few points

remained. The Committee is proposing amendments to two Parts of Bill 19: that dealing with auditors and that dealing with business and powers.

Since the amendments also concern the proposed trust companies and cooperatives legislation, they have been integrated into this portion of the text.

Part VI - Corporate Governance (C-19)

The Committee considers that it would be preferable to maintain the provisions of the draft Bill. As originally tabled, the Bill did not change the number of auditors required: clauses 314 and 315 required the shareholders to appoint two auditors at each annual meeting.

Following amendments by the Commons Finance Committee, these clauses now enable the shareholders to appoint one or two accounting firms as the company's auditors.

The Senate Committee on Banking, Trade and Commerce sees no reason to reduce the number of auditors required. The practice is a long-established one and contributes significantly to consumer confidence in the major chartered banks. This provides a sound justification for the costs involved.

13. The Committee therefore suggests that the clauses in question be reformulated to require that two auditors be appointed every year, as in the initial version of the Bill. In other words, the major banks would require two auditors.

A second amendment involves the generally accepted rules governing these activities. Auditors are usually obliged to do their work under generally accepted accounting principles (known as GAAP) and generally accepted auditing standards (GAAS). The CICA manual could constitute a primary reference source for auditors, but of course it would have to be understood that other sources might also be recognized. The Committee therefore proposes:

14. That it should be established in the legislation that a reference manual such as (but not exclusively) the CICA manual be regarded as the source for generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS).

The Committee is proposing the above amendment on the grounds that it is important to have the legal obligation to refer to a reference source; the Committee considers it equally important, however, to ensure that one source does not become the sole acceptable source.

Part VIII - Business and Powers (C-19)

Two subjects are of interest in this Part of the Bill. The first, under general business, is that of automobile leasing; the second, under miscellaneous, is the level of language used in documentation supplied to a bank's customers. Automobile leasing powers would enable the banks to rent out automobiles and to offer car loans through subsidiaries.

Banks and trust companies have long wanted to acquire or establish subsidiaries in finance-related areas such as automobile leasing. In its report entitled "Canada 1991 -- Toward a National Market in Financial Services", the Senate Committee on Banking recommended that banks and other financial institutions be allowed to engage in these activities through the holding company concept, i.e. through subsidiaries. Clause 417 of Bill C-19 and clause 417 of Bill C-4 explicitly forbid banks to engage in any form of personal property leasing in Canada.

Given that retail leasing, commercial fleet leasing, lease financing and the "independent" sector of the industry are all dominated by foreign firms, the Committee sees no reason why federally-regulated firms should not be allowed to provide competition for foreign companies and in so doing enhance service for Canadians.

The Committee therefore promotes to:

15. Amend clause 417 of Bill C-19 and clause 417 of Bill C-4 to allow banks and trust companies to

penetrate the vehicle leasing market through a subsidiary.

Provisions on accessible language should be inserted in Bill C-19, perhaps as part of a new clause 458, for the same reasons given in the discussion of this subject under Bill C-28.

Bill C-4 was the first of the series of legislative reforms to be proposed. The only amendments the Committee wishes to propose involve leasing, identical to those proposed for the banking legislation, and the use of accessible language. No amendments are proposed to Bill C-34 with the exception of an accessible language provision.

Finally, there is an amendment affecting Petro Canada and Air Canada. The Committee proposes:

16. That the Air Canada Public Participation Act and the Petro Canada Public Participation Act be amended so that the same provisions on resident status apply to investment in these corporations as apply to investments made on behalf of Canadian clients in the segregated pension funds of non-resident insurers.

This amendment is a significant change to two acts not currently before Parliament. Consequently, for procedural reasons, it may not be possible to introduce these changes during third reading of the four bills. The Committee will deal with this issue separately if the amendments cannot be made during consideration of the four bills.

Respectfully submitted

Jean-Marie Poitras
Chairman

THE SENATE

Tuesday, December 3, 1991

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

Prayers.

SENATORS' STATEMENTS

UKRAINE

DECLARATION OF INDEPENDENCE—FELICITATIONS

Hon. Nathan Nurgitz: Honourable senators, when I heard the results of the voting in the Ukraine yesterday, it brought memories of our late colleague Senator Paul Yuzyk, who always reminded us of his heritage and of the plight of the Ukrainian people.

Well, honourable senators, my parents, although of a different religious group, came from that same region of what used to be the Soviet Union, and my home town of Winnipeg has a very large number of Ukrainian people, all celebrating Ukrainian independence. Near the legislature in Winnipeg stands a statue of Taras Schevchenko, the great Ukrainian poet and nationalist who represents the great enduring spirit of the Ukraine. This statue was erected during the time of the government of our colleague Senator Roblin, who felt that the Ukrainian people, who did not have their own homeland, could at least pay tribute to one of their great heroes in a city where there was a large Ukrainian population.

Born into serfdom in 1814, Taras Schevchenko was purchased out of serfdom in 1838 for some 2,500 rubles. He was arrested in 1847 by the Czarist authorities for what was considered subversive activities in promoting Ukrainian nationalism. Czar Nicholas I had him sentenced for an indefinite period to hard military service. It was only in 1857 that Schevchenko was freed by Czar Alexander II. On February 26, 1861, one day after his 47th birthday, Schevchenko died under circumstances of extreme hardship.

Throughout most of these years, when not under interdict, he wrote poetry extensively. His poem written on October 21, 1845, entitled "Subotiv", speaks to us about today's events. He wrote

"Upon a lofty hill there stands
The coffin of Ukraine;
A crypt both wide and still,
It is the church of Great Bohdan
Where once he used to pray
That Muscovite and Cossack might
Share good and ill alway.
May peace be to your soul, Bohdan,
Their gain has been our loss;
The Muscovites have snatched away
All that they came across . . ."

The Church was considered by Schevchenko to be the coffin of Ukraine because it was the burial place of Hetman Bohdan Khmelnitsky who had signed the Treaty of Peryaslav in 1654, which, in effect, united Ukraine politically with Russia in order to save Ukraine from Poland. The result was Ukraine's loss of independence for over 300 years.

He concludes his poem with these words:

"Yet do not laugh, ye foreign folk!
That Church beneath the skies
May crumble down, but from its vaults
A new Ukraine will rise.
To end the night of slavery
Injustice will be gone;
Our serf-born son's glad orisons
Will greet sweet freedom's dawn."

Although there was a brief rebirth of an independent Ukraine from 1917 to 1920, it is this past Sunday's overwhelming vote—over 80 per cent—for independence of the Ukraine which must herald freedom's dawn and the beginning of the "New Ukraine" which Schevchenko so fervently believed in. To be true to Schevchenko, Ukraine must stand for freedom and justice for all its citizens, regardless of ethnic origin, religious conviction or political persuasion.

We wish the people of the Ukraine good fortune in pursuing these goals.

Hon. Senators: Hear, hear.

CANADA LABOUR CODE

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-44, to amend the Canada Labour Code (geographic certification).

Bill read first time.

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, if you recall, on Thursday last I mentioned the possibility of this bill's coming to us on that day, but that its status was not clear enough to say whether it would come at all. As it turned out, the House leaders could not agree for Thursday, and then we adjourned until today. However, the legislation was passed with all-party support

after agreement on Friday and now we are being asked to pass it as expeditiously as possible.

I have discussed this matter on a number of occasions with the Deputy Leader of the Opposition; he has kindly indicated that the other side will support this procedure. If so, it is our intention to ask, with leave, for second reading later this day and then to go into Committee of the Whole to hear the Minister of Labour who will be available to discuss the bill in more detail and, of course, answer any questions that either side may have to ask him.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, as the Deputy Leader of the Government has indicated, we had some discussions regarding this matter on Thursday of last week, when it appeared that there would be a request that we pass Bill C-44 that day. I thank him for arranging at that time for us to meet with some of the officials of the department. They certainly made a reasonable case for the law itself. I did not believe that they made a reasonable case for it having to be passed that day. However, it did not come to us at that time.

I understand that the union, in particular, is anxious to have this law passed. The workers have been in a strike position for two months but have had no one with whom to negotiate. Although the House has proceeded to pass this legislation, we are reluctant because we do not like to bypass the normal parliamentary practice, which is something I think we should do as rarely as possible, but under the circumstances we have agreed to give leave.

Depending on when it is planned to have Royal Assent, we can determine what the next stages will be, but for the time being we agree to give leave for second reading later, with Committee of the Whole to follow so that we can hear the minister. I understand he will be available today. On that basis we are prepared to proceed.

Senator Lynch-Staunton: I thank the honourable Deputy Leader of the Opposition for his understanding.

On motion of Senator Lynch-Staunton, with leave of the Senate and notwithstanding rule 58(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

CANADA PENSION PLAN
FAMILY ALLOWANCES ACT
OLD AGE SECURITY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-39, to amend the Canada Pension Plan, the Family Allowances Act and the Old Age Security Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, December 5, 1991.

[Senator Lynch-Staunton.]

• (1410)

RULES OF THE SENATE

NOTICE OF MOTION TO RESCIND CURRENT RULES

Hon. Stanley Haidasz: I wish to give notice that I shall move at the appropriate day the following motion:

I move, seconded by Senator Robichaud:

> THAT pursuant to rule 3 which supports practice, and based on rule 2 for the maintenance of privilege, as it is a matter of universal privilege, and of profound constitutional significance; therefore the Senate resolves that the question whether to rescind the adoption of the present rules as resolved on June 18, 1991 with less than two-thirds majority at that time, in contravention of then-rule 47(2), will correspondingly be decided by a simple majority, without intending thereby to set a precedent of general practice.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. Nathan Nurgitz: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*), I move:

> THAT the Standing Senate Committee on Legal and Constitutional Affairs have the power to sit at three-thirty o'clock in the afternoon tomorrow, Wednesday, December 4, 1991, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I wonder if Senator Nurgitz would explain his motion before we proceed to grant leave.

Senator Nurgitz: The Standing Senate Committee on Legal and Constitutional Affairs has been considering what is commonly known as the gun control legislation. The committee heard witnesses last week and will continue to hear witnesses this afternoon. The difficulty we have, honourable senators, is that tomorrow we have six witnesses slated. We wish to call them today and assign to each a specific time, as several are from out of the city. We wish to set time slots so the witnesses can plan their day. This would save us the expense of housing witnesses overnight. Many senators are interested in seeing this legislation reach a happy conclusion before week's end. I would ask the indulgence of honourable senators in this matter.

Senator Molgat: Honourable senators, I assume that the witnesses who will be heard tomorrow have had the unanimous approval of the steering committee; in other words, they are people whom the steering committee wishes to hear. Reluctant as we are to have committees sit while the Senate is sitting, under these particular circumstances and given the nature of this bill, we are prepared to give leave.

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

Hon. Senators: Agreed.

Motion agreed to.

RAILWAYS

PROPOSED SALE OF RAIL LINES—NOTICE OF INQUIRY

Hon. B. Alasdair Graham: Honourable senators, I give notice that on Thursday next, December 5, 1991, I will call the attention of the Senate to the ramifications of the sale or proposed sale of certain rail lines in Canada.

THE ECONOMY

EFFECTS OF GOVERNMENT POLICY—NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I give notice that on Thursday next, December 5, 1991, I will call the attention of the Senate to the economic chaos created by the government in its pursuit of lower inflation and high interest rates.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith: Honourable senators, some honourable senators will be pleased, and some less well pleased, to know that even now, almost a full year after the GST was —if I may coin a phrase—"rammed down the country's throat", that petitions are still coming in against the GST.

Senator Simard: Are they addressed to Mr. Chrétien?

Senator Frith: No, they are addressed to you, Sir.

Senator Simard: Perhaps they are addressed to Mr. Young.

Senator Frith: No, try again. They are addressed to Senator Simard, that quiet, retiring flower on the other side, increasing his reputation for good manners.

Senator Simard: Thank you, Sir.

Senator Frith: These petitions are addressed to Senator Simard and the rest of us.

Senator Simard: So they are addressed to everybody.

Senator Frith: They state: "Whereas the new 7 per cent—"

Senator Simard: Are you working on volume two?

Senator Frith: Well, make me an offer, senator. Yes, that is very kind of you.

Senator Barootes: Perhaps you should sell out the first issue first.

Senator Frith: I am glad you asked, because I was told today that the publisher has no copies left; they are all in the stores. Any other questions?

Senator Doody: How many more questions have you seeded around?

Senator Frith: No more, but what a good idea, thank you, senator. I will see that I do that next week. May I put you on the list?

The petitions are all in the form that we are now familiar with—certainly we were familiar with it last year at this time—and state:

> Whereas the new universal 7% Goods and Services Tax adopted by the Conservative Government will create serious, unjust and inhuman difficulties to Canadians; whereas the implementation of this tax will constitute an unprecedented assault on the income of Canadians, not only by forcing them to pay higher taxes, but also by confronting them with a rise in inflation, interest rates and unemployment; whereas the methods used by the Government are unworthy of a democratic country. They are rather the work of lawmakers who want to implement a dictatorship, snapping their fingers at the general opposition of the population.

As usual, the petitioners ask for an election to purge the sin. They come from the following places: From New Brunswick, four petitions with 76 names; from Ontario, nine petitions with 199 names; from Quebec, 18 petitions with 369 names. The totals are 99 petitions with 2,160 names.

The petitions from New Brunswick are from Brantville, L'Acadie, Lower Neguac, Pokemouche, Rivière-du-Portage and Saint John. The petitions from Ontario are from Crysler, Hallebourg, Hearst, Hornepayne, Kapuskasing, Kingston, LaSarre, Mississauga, Moonbeam, New Liskeard, North York and Toronto. The petitions from Quebec are from Asbestos, Bedford, Blandford, Danville, Dollard des Ormeaux, Montréal, Otterburn Park, Princeville, Rougemont, St- Amable, St-Eustache, St-Leonard, Val D'Or and Wotton.

• (1420)

QUESTION PERIOD

FINANCE

MEETING OF MINISTERS—REQUEST FOR AGENDA

Hon. H.A. Olson: Could the Leader of the Government in the Senate give us an indication of what is on the agenda for the meeting of the Ministers of Finance, which I believe is to be held on December 12 or 13, or thereabouts.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I really cannot answer that question without having first consulted with my colleague the Minister of Finance. I will see what statement he feels he can properly make on that matter at this time.

Senator Olson: Perhaps the Leader of the Government could tell us whether or not there was a statement made at the time the Minister of Finance made the announcement. I did not receive a copy of such a statement in my office. That is why I am enquiring now whether the minister, in fact put out a communiqué as to what the purpose of this meeting was.

Senator Murray: Honourable senators, I shall enquire.

UKRAINE

RECOGNITION OF INDEPENDENCE—GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, my question for the Leader of the Government in the Senate is respecting the recognition of Ukraine. Could the Leader of the Government in the Senate inform the Senate as to the Government's current position with respect to the recognition of Ukraine?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think I can. I am looking to see if I have copies of the announcements that have been made on the matter. I do not have a copy of the announcements, and I should therefore take the matter as notice, unless the honourable senator wishes to ask questions about specific aspects of the matter on which I may have some notes.

Senator Grafstein: Well, has the Government of Canada recognized the Ukraine, either *de facto* or *de jure*?

Senator Murray: Yes, honourable senators, we have indicated that, as a result of the referendum of Sunday, we do recognize that Ukraine exists as a sovereign state rather than as part of another state—that is to say, the U.S.S.R.

Senator Grafstein: Are there any preconditions to our *de jure* recognition? I assume from that statement that the government, *de facto*, has recognized this new sovereign state, but it has not, *de jure*, entered into legal and binding methodologies for recognition. Assuming that is correct, are there any preconditions to the next stage? Is there any correspondence between the government or the Prime Minister of Canada and the authorities in the Ukraine that could be helpful to the Senate? Specifically, are there any preconditions with respect to the new sovereign state, which we will call Ukraine, entering into those treaties dealing with the non-proliferation of nuclear weapons and with human rights?

Senator Murray: Honourable senators, the next step would be to establish diplomatic relations with the Government of Ukraine. Before doing that, as the honourable senator has suggested, we want to work out assurances on the secure control of nuclear weapons, on Ukrainian compliance with existing arms control and security agreements, and on their adherence to, and implementation of, all the Conference on Security and Co-operation in Europe commitments embodied in the Helsinki Final Act, the Charter of Paris and other CSCE documents.

REQUEST FOR TABLING OF CANADA-SOVIET AGREEMENTS AND TREATIES

Hon. Jerahmiel S. Grafstein: Could the Leader of the Government table in the Senate all those treaties or agreements of a bilateral or a multilateral nature between Canada and the Soviet Union which would be binding upon the new sovereign state of Ukraine?

I will amplify my question somewhat, because I am sure the answer to it will take some extensive review by the Department of External Affairs. I assume some agreements will lapse and that some will be unenforceable. When I use the word "agreements" I mean agreements and treaties. I assume some agreements will require renegotiation, while others might bind the new state merely by its unilateral concurrence in them. Some agreements might require other methodologies for them to be binding.

Would the Leader of the Government in the Senate review those agreements and table an aide-mémoire in the Senate so that we may see which agreements are easily the subject matter of concurrence by the new state and which, in fact, require specific concurrence or negotiation?

When we come to those bilateral or multilateral treaties or agreements that require negotiation, could the Leader of the Government also advise in his aide-mémoire what the government's position will be with respect to negotiating or renegotiating such bilateral agreements and treaties?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my honourable friend is asking for information which I think he can only obtain if I hand him a key to go over to the Pearson Building and get into the files.

He has asked for information which is really in the nature of a speculative analysis on our part as to what the position of Ukraine might be on certain matters. I will have my colleague, the Secretary of State for External Affairs, study his question carefully with a view to tabling whatever information we properly can at this time. In particular, I note the honourable senator's request for tabling, I assume not the treaties themselves, but a list of either bilateral or multilateral treaties to which Canada and the U.S.S.R. are party and by which Ukraine would be bound. It will take more than a day to study the honourable senator's question. However, we will do so in a spirit of openness and table whatever information we properly can.

Senator Grafstein: I appreciate that answer of the Leader of the Government in the Senate. I raise the matter because I do not think it is merely a problem for the new sovereign state of Ukraine, but because it also relates to Canada's relations with other countries which might have similar prospects in the future. I refer specifically to eastern Europe and the Croatian and Serbian problem. It might also be closer to home in the future. Thus, it will be useful for the government to lay out in effect what its position will be.

● (1430)

REQUEST FOR TABLING OF CORRESPONDENCE BETWEEN PRIME MINISTER AND PRESIDENT OF UKRAINE

Hon. Stanley Haidasz: Honourable senators, I have a question for the Leader of the Government in the Senate. Perhaps, first, I should put things in chronological order. Would the Leader of the Government table in this house the letter that President Leonid Kravchuk sent to the Prime Minister before the referendum was taken, and any reply that the Prime Minister has given in a letter to President Kravchuk? Would he table that correspondence, please?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not familiar with the correspondence that the honourable senator states has taken place between the President of the Ukraine and the Prime Minister of Canada, but I shall certainly make inquiries of the Prime Minister's Office to see what can properly be tabled at this time.

REPAYMENT OF DEBTS—PRECONDITION FOR RECOGNITION OF INDEPENDENCE

Hon. Stanley Haidasz: Honourable senators, the Leader of the Government in the Senate outlined many preconditions that the Prime Minister would like to see clarified. Is one of those conditions that any outstanding debt be paid by the U.S.S.R., including the portion Ukraine is responsible for? Is that one of the preconditions?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the answer to that question is almost certainly no because I believe an agreement was recently reached among the former republics of the U.S.S.R. concerning those matters.

EXTERNAL RELATIONS

YUKON—VISIT OF SOVIET RED ARMY HOCKEY TEAM—SEIZURE OF PERSONAL PROPERTY BY CUSTOMS OFFICER

Hon. Paul Lucier: Honourable senators, I have a question for the Leader of the Government in the Senate. An unfortunate incident occured in the Yukon over the weekend. The sports people of the Yukon had gone to great lengths to bring in the Russian Red Army Hockey Team to play against Whitehorse teams. Of course, everyone knows that when the Russian players come over, they do not have any money. So as part of this exchange, they had arranged for a little booth to be set up in one of the malls in Whitehorse where the players could meet the public of Whitehorse, and they had some souvenirs that they were selling for small amounts of money. They wanted to use the money they made to buy souvenirs to take home with them.

One of the off-duty customs officers in Whitehorse was shopping in the mall, saw this display, confiscated all the souvenirs, brought in the police, and they went to the rooms of the players and confiscated everything the Russians had brought over with them. In the process, the Russian players themselves were fined $2,000, plus, I believe, $500 customs on the items and, to add insult to injury, charged $300 to pay the overtime for the off- duty officer who had pulled off this intelligent caper. I would like to have given notice of my question, but I did not have an opportunity.

This is a rather urgent matter up in the Yukon. The players are there now and the people of Whitehorse are in the process of holding fund-raisers to try to pay these players back for what has taken place. It has been a terrible incident. I wonder if the minister could contact the Minister of National Revenue or the Secretary of State for External Affairs to see if this matter could be straightened out. I know the Government of Canada is a little short of money but I do not believe it is that short of money.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Has the customs officer been tarred and feathered yet?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall ask for a report from the appropriate minister.

Hon. Lorne Bonnell: Honourable senators, I have a supplementary question for the Leader of the Government. Would this be the same officer who charged Ben Johnson for bringing the gold medal to Canada?

NATIONAL DEFENCE

CRASH OF HERCULES AIRCRAFT EN ROUTE TO ALERT

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in the Senate. It is with regard to the very tragic accident involving the Hercules aircraft on its way to Alert about a month ago. Would the minister tell us when we might expect a report on this matter?

As he knows, there are continuing flights to Alert—at least, I assume that there are because we have Canadian servicemen and women at that post, and they can only be fed and provisioned by air.

• (1440)

This is obviously a matter of major concern to those service people who were on the aircraft and to their families, because there were a number of comments made subsequently about such things as improper location of safety equipment. Can we have a report fairly soon on that matter?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask my colleague the Minister of National Defence to give me an update on that matter.

LA FRANCOPHONIE

PARIS CONFERENCE—OMISSION OF PRINCE EDWARD ISLAND FROM PRESENTATION MAP OF CANADA

Hon. M. Lorne Bonnell: Honourable senators, does the Leader of the Government have any further information as to why Prince Edward Island was left off the map used at the Francophone conference? I note that the *Charlottetown Guardian*, on November 30, reported that the map in question was a five-year-old map, according to the Department of External Affairs. In other words, this stylized map, which was put out in 1986, was intended only to highlight the territory of members of the international Francophone communities. Apparently, External Affairs is now highlighting only external affairs and trade in the Francophone communities. However, they will try to correct this matter on maps they put forth in the future. Can you give us a further answer to this question?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have a prepared response to the honourable senator's question. As I understand it, the map was prepared by Canada, by the Department of External Affairs—

Senator Bonnell: And the Trade Commission.

Senator Murray: —for a meeting of the Francophone nations, and the intent was to show where there are concentrated populations of Francophones in Canada. I am told that there are a number of places, islands and others, that were left off this stylized map. However, I do not have an official response from the department concerned. I am assured that the quite regrettable error in not including Prince Edward Island on that map will be corrected.

Senator Bonnell: Could the minister take this opportunity to ask the Minister of External Affairs and the Minister of Trade and Commerce to ensure that this map is withdrawn and a new map prepared so that Prince Edward is again put back into the world. It is bad enough to suggest that Newfoundland be dragged out to sea and sunk with an anchor, but Prince Edward Island was taken out of the world altogether. I suggest that the Leader of the Government take this opportunity to approach the Minister and ensure that these maps are withdrawn, since we cannot correct them now, and that new maps are prepared including Prince Edward Island.

Senator Murray: Honourable senators, as I said, my friend should not draw such dramatic conclusions from all of this. The map in question was for a very limited use at a conference of La Francophonie. Its intent was to show the concentrations of Francophone population in Canada. Having said that, I agree with the honourable senator that any map of Canada, stylized or other, should, at a very minimum, include all ten provinces and the territories.

Senator Bonnell: Honourable senators, I should further bring to the attention of the Leader of the Government that we do have Francophones in Prince County in Prince Edward Island. At least Prince County should be included, because there are quite a few Acadian French in that area and they certainly want to be recognized as Francophones. If you wanted, you could leave off Kings and Queens County where there are more Irish and Scots, but not Prince County.

However, in the very far north, the islands covered with ice where no one lives must be Francophone, because they are on the map.

Senator Murray: Honourable senators, I am well aware of the point that the honourable senator makes in connection with the population of Prince Edward Island and where the Acadians are and have been even before the Irish and Scots got there.

THE CONSTITUTION

NATIONAL REFERENDUM—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, I would like to ask where the government stands on the possibility of a national referendum being held on the new constitutional proposals. The *Vancouver Sun* reports that the Minister for Constitutional Affairs, the Hon. Joe Clark, P.C., has backed himself into a corner. He apparently decided at one time to put forward a bill, seeking legislative authority to hold a national referendum. Then, having heard from a few people in one province, he is now backtracking, according to this article. Where does the government stand on the possibility of holding a national referendum?

Hon. Lowell Murray (Leader of the Government): My friend will recall that the Speech from the Throne read in this Chamber in April indicated that we would be taking measures to enable us to consult the Canadian population on constitutional matters.

As the honourable senator knows, Mr. Clark and I and others have raised the possibility of holding referenda or plebiscites in that connection. However, no decision has been taken by the government as to how we will proceed. Nothing is excluded, but no positive decision has been taken in that respect, either.

Senator Olson: Perhaps we could have a federal election.

[*Translation*]

EXTERNAL AFFAIRS

PARIS CONFERENCE—ERRORS ON PRESENTATION MAP OF CANADA CONCERNING PRINCE EDWARD ISLAND AND NEW BRUNSWICK

Hon. Eymard G. Corbin: Honourable senators, in the same vein as senator Bonnell, I would like to address the hon. Leader of the Government. I have been following this fascinating debate ever since senator Bonnell raised the issue of the omission of Prince Edward Island on a map distributed at a Francophonie Summit. I am surprised to hear that the map dates back to 1985.

The Department of External Affairs is responsible for ensuring that international treaties are implemented. Yet, much to my surprise, I have discovered that New Brunswick western boundary indicated on this map depicts the situation which existed in 1713, when the Utrecht Treaty was signed. Initially, the United States of America claimed the territory shown on the map. In 1842, the boundary between the then New Brunswick colony and the United States of America was set once and for all in the Webster-Ashburton Treaty.

I suggest that it is unacceptable to argue that this is a stylized map to justify the perpetuation of such gross factual errors. A large portion of New Brunswick francophone population does not appear on this map. I am referring to the French-Canadians from the Madawaska region of New-Brunswick. With a stroke of the pen cartographers have struck them off, apparently with the blessing of the people at External Affairs who are specifically responsible namely for the implementation of frontier treaties.

So, I too rise in protest. Nothing, in my view, could justify the use of this kind of map by the Department of External Affairs to show to the world the true face of the French fact in Canada. Acadians from Prince Edward Island are not on the map, neither are the people from the republic of Madawaska, the Acadians from the island of Shippegan and from Lamèque nor many others.

Based on this map from the Department of External Affairs, our great big western provinces must be full of francophones.

It is time to wake up and to shake these people up. From now on, when we want to sell or give maps to our foreign friends or guests, let us give them maps that depict the Canadian reality and are consistent with treaties.

In closing, I would like to remind senator Murray that, as a member in the other place, I had introduced a bill about the need to print accurate maps of Canada. Just give up this habit of using stylized map altogether, because they are misleading when they are not plainly inaccurate. I serve him notice today that I intend to introduce this private bill here, in the Senate. So, we will have the opportunity to discuss this matter later.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I must confess that I for one have not seen this map. However, I take due note of the honourable senator's criticism of the drawing or drawing artist. I will ask the Department of External Affairs for a full report.

• (1450)

[*English*]

Hon. M. Lorne Bonnell: Honourable senators, I should like to ask a supplementary question. Would the Leader of the Government in the Senate also obtain a report on this matter from the Trade Commission and from the Department of Trade and Commerce, because they also sent the map out?

Senator Murray: Honourable senators, I believe that since 1983 the department has been the Department of External Affairs and International Trade. Therefore I am not sure that the honourable senator is correct in implying, as he does, that the map served more than one purpose, which was the purpose of the Francophone conference, but I shall check.

Senator Bonnell: On the bottom of the map it says that the map is promoted by the Trade Commission of Canada as well as External Affairs. Both seem to be trying to obtain trade from abroad, using this map.

BUSINESS OF THE SENATE

DELAY IN RESPONSES TO ORDER PAPER QUESTIONS

Hon. Colin Kenny: Honourable senators, I rise to ask the Leader of the Government in the Senate whether he has had any success in tracking down the missing answers to my questions relating to the Special Senate Committee on Terrorism and Public Safety.

Hon. Lowell Murray (Leader of the Government): The short answer is yes, honourable senators. Let me just review the situation. My honourable friend's questions which were on the Order Paper during the last session died, as we all know, at prorogation. I am informed that responses had been prepared by the former minister's office but because of the sensitive nature of the issues raised, the new Solicitor General wanted to review the answers before having them tabled in the Senate.

I am informed that Senator Kenny has now put 26 new questions on the Order Paper and that these are subdivided such that there are really 103 questions in all. I am told that the questions numbered 21 to 35 are new questions, and six different departments of government have been contacted to answer them. The questions numbered 36 to 47 are in some cases repeats of his earlier questions and in other cases variations on the old questions.

My office has asked the parliamentary returns office and the offices of the ministers concerned to do everything possible to ensure that these questions are answered quickly and, if they cannot be answered quickly or at all, to furnish an adequate explanation why not.

Senator Kenny: The honourable Leader of the Government in the Senate is misinformed about the new questions. They are, in fact, all variations of the original questions asked 14 or 15 months ago. In fact, they were broken up for the convenience of the government because it seemed that perhaps the questions were too long to deal with, and that perhaps the answers were being delayed because just one portion of the answers were missing. Therefore in order to give the government an opportunity to answer the questions on which it had information, we went to some trouble to break them up into smaller pieces. Inasmuch as the answers to some of the question have been prepared for over six months, I hope that they will be forthcoming very shortly.

Senator Murray: I appreciate the points made by the honourable senator, but he knows that many of these questions cover very sensitive areas, and great care will have to be taken in replying to them.

Senator Kenny: Honourable senators, over half the questions, in fact, relate to environmental issues such as double-hulling tankers, VTS control of tankers in harbours and cleaning up oil spills. I cannot believe that any aspect of them would relate to national security. They, in fact, relate to how capable the government is at preparing itself for cleaning up oil spills and other toxic waste.

The other questions all relate directly to a report by a Senate committee and recommendations that a Senate committee made over two years ago. They are simply questions asking whether or not the government has taken any action on the report of this committee of the Senate.

Senator Murray: I appreciate those points too, honourable senators.

CANADA-CHINA RELATIONS

STATUS OF TIBET—GOVERNMENT RESPONSE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I want to supplement a question I asked the Leader of the Government last week on the subject of Tibet as an occupied country. At that time I said I did not have the document that prompted the question. I now have that document and I find that it is a statement issued by a member on the other side, but it looks to be on the letterhead of some Tibetan organization. I do not intend to put the entire document on the record, although it is only one page, but will use it as a retroactive preamble to the question I asked last week.

The dateline is Washington, D.C, October 29, 1991. The first paragraph reads:

> The United States Congress has declared Tibet an "occupied country" whose "true representatives are the Dalai Lama and the Tibetan Government in exile." The bill was part of the State Department Authorization Act which President Bush signed on October 28. According to Congressional staff, the State Department did little to lobby against the bill.

When I originally put the question, I said that I thought it was a document from the State Department. I was wrong. It is actually a bill, and the State Department only figured in the document to the extent that I just mentioned, namely that the State Department did little to lobby against the bill.

The second paragraph reads:

> The bill notes that numerous declarations by the United States since the 1949 Chinese invasion of Tibet have recognized Tibet's right to self-determination and the illegality of China's occupation. However, since the early 1970s, the United States government has done little to recognize the plight of Tibet.

The next paragraph speaks of a statement which the North American representative to the Assembly of Tibetan People's Deputies, the Tibetan government-in-exile, made in Montreal.

The next paragraph deals with a statement by the Chinese government.

The fifth paragraph reads as follows:

> Other portions of the bill are significant such as the definition of Tibet. The bill states that Tibet includes those areas incorporated into the Chinese provinces of Sichuan, Yunnan, Gansu and Qinghai . . . .

The paragraph continues with more detail about these definitions.

• (1500)

The sixth paragraph states:

> The bill was widely supported in both the House and the Senate. In the Senate, the bill was introduced by the Chairman of the Foreign Relations Committee, Senators Pell (D-RI) along with Senators Helms (R-NC) and Moynihan (D-NY). In the House, the bill was backed by a broad coalition of members including Berman (D-CA), Dymally (D-CA), Gejdenson (D-CT), Gilman (R-NY), Lantos (D-CA), Porter (R-IL) and Rose (D-NC).

The last paragraph reads:

> This bill comes just 2 months after the United Nations Human Rights Subcommission passed a resolution expressing concern at the threat to "the distinct cultural, religious and national identity of the Tibetan people.

Honourable senators, I mention this matter because the question I put to the Leader of the Government was incomplete. By doing so, I am not pressing him for an answer, but simply making the record clearer when the two are read together, namely, what I said today and the question of last week. I will pass the whole document on to the Leader of the Government.

[Senator Frith.]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton: I have two delayed answers. The first is in answer to a question by Senator Bonnell regarding Prince Edward Island and the effect of the virus investigation on the seed potato industry. The other is in answer to a question by Senator Perrault regarding exclusion of Canadian lumber from the European Economic Community.

PRINCE EDWARD ISLAND

FIXED LINK—LOCATION OF CONSTRUCTION HEADQUARTERS—GOVERNMENT POSITION

(*Response to question raised by Hon. Lorne Bonnell on November 19, 1991*)

The specific bridge designs from each of the three remaining consortia have been submitted to Public Works Canada (PWC). PWC will now - with the assistance of a panel of independent ice-experts-determine whether each bridge design meets the environmental criteria, including the 2 day ice-out delay as identified by the Environmental Assessment Review Panel.

Those companies which meet the environmental criteria will be asked to submit financial bids to Public Works.

Although Premier Ghiz has recently made a public statement concerning the location of the construction site office, he has not officially communicated this to the Minister of Public Works. A decision on the location of the construction site office would be made solely by the winning consortium.

The fixed link will proceed only if the project can be proven to be environmentally sound and financially viable.

FORESTRY

EXCLUSION OF CANADIAN LUMBER FROM THE EUROPEAN ECONOMIC COMMUNITY

(*Response to question raised by Hon. Raymond Perrault on November 26, 1991*)

The Government is deeply concerned that the European Economic Community (EEC) failed to take a decision on extending the derogation required to allow imports of green Canadian softwood lumber beyond the end of this year.

The Government expects that there will be a positive decision in our favour and is fully aware of the urgency involved. The industry is negotiating contracts now for delivery in the first quarter of 1992 and these are in jeopardy if the EEC does not move quickly.

The Minister of International Trade has instructed our ambassador in Brussels to press this concern and a letter

outlining Canada's concerns was delivered on Friday, November 22 to EC Agriculture Commissioner, Ray Mac Sharry. Senior Canadian Mission officials have been in constant contact with high-level EC officials with the aim of accelerating the decision-making process.

On November 27, the Minister of Agriculture discussed this issue with Mr. Mac Sharry by telephone.

Mr. Mac Sharry indicated his confidence that Canada would receive a one-year extension of the derogation at a meeting to be held on December 16; The Minister of International Trade has written to Mr. Mac Sharry on November 28 re-emphasizing the government's concerns and requesting an even speedier resolution of the issue.

Canada and the EC are involved in a joint scientific research project which will hopefully lead to an acceptable solution to this problem. The Government's aim is to ensure long term, secure access to the EC market for all Canadian forest products.

ANSWER TO ORDER PAPER QUESTION TABLED

CANADA-NEWFOUNDLAND REGIONAL TRUNK ROAD AGREEMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 14 on the Order Paper—by Senator Marshall.

CANADA LABOUR CODE

BILL TO AMEND—SECOND READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the second reading of Bill C-44, to amend the Canada Labour Code (geographic certification).

He said: Honourable senators, the legislation before us was tabled and passed last Friday in the House of Commons and deals with geographic certification in order to promote stable industrial relations in the longshoring industry. Section 34 of the Code permits the Canada Labour Relations Board to grant geographic certification orders in the longshoring sector to unions representing the employees of two or more employers in a given region or port, provided that the employers draw their employees from a common labour pool.

The purpose of this bill is to correct certain drafting deficiencies identified in the wording of section 34. The language therein has prevented the intended application of the geographic certification provisions.

[*Translation*]

When the Canada Labour Relations Board grants geographical certification under the present provisions of section 34, the employers of the employees in the bargaining unit must appoint a representative to act on their behalf and authorize that representative to discharge the duties and responsibilities of an employer, in the meaning of Part I of the Code.

However, there is no provision for the eventuality that one or more employers refuse to appoint a representative or authorize a representative to act on their behalf or that the employers do not agree on the choice of representative. In that case, it may be impossible to implement the provisions of section 34 as intended.

This is is what happened at the ports of Trois-Rivières and Bécancour, when one of the employers, who objected to the representative's appointment, obtained an injunction from the Quebec Superior Court, prohibiting the representative from entering into a collective agreement. The members of the union are now on a legal strike, which may go on for as long as the representative appointed by the employers is prevented by this injunction from entering into a collective agreement.

The proposed legislation would correct certain omissions in the Code.

Under the provisions of this bill, the Board can appoint an employer representative if the employers affected by geographical certification do not do so themselves within the timeframe set by the Board. The representative thus appointed is deemed to be the employer of all the employees in the bargaining unit, for the purposes of Part I of the Code, and has all the requisite powers to discharge the duties and responsibilities of an employer, including the power to enter into a collective agreement.

Moreover, the Board can determine any question that arises under section 34, including any question relating to the choice or appointment of the employer representative.

Under the bill, the employer representative must represent equitably the employers on behalf of whom he acts. This duty is similar to the one imposed by article 37 of the Code to unions representing their members.

If an employer thinks that the employer representative acted in a matter that is arbitrary, discriminatory or in bad faith in the discharge of the duties and responsibilities that he assumes as an employer, he can lodge a complaint to the Board. In case of inadequate representation, the Board can order the employer representative to correctly discharge his duties, or it can make any order that it deems appropriate to correct the offence.

Under the transitional provisions, the agents appointed under the existing provisions of section 34 are deemed to be employer representatives appointed under that bill as of the date that the legislation comes into force.

[*English*]

These are the essential elements behind the legislation before us. I believe, however, that it might be useful if I acquainted honourable senators with some of the historical background behind the current difficulties.

During the 1960s, the longshoring industry along the St. Lawrence endured several strikes which led to the establishment of three industrial inquiry commissions. Two of the resulting reports contained recommendations on the deployment of longshore workers, introduction of a job security plan, and the realignment of employers.

Over and above this, the federal government in 1966 charged the Woods Task Force to investigate the general condition of labour relations in Canada. The task force made recommendations on the concept of geographic certification. They resulted in the adoption by Parliament in 1973 of what is now section 34 of the Canada Labour Code.

Concurrent with the work of the Industrial Inquiry Commissions, the Shipping Federation of Canada and the Interprovincial Association of Stevedoring companies realized that the labour difficulties in the ports were due in part to a lack of coordination by the employers. In late 1968, the two organizations formed the Maritime Employers Association to represent dock employers in their dealings with the unions.

The adoption of section 34 and a better coordination among the employers have allowed for implementation of a job security guarantee plan for the longshore workers and an equitable sharing of costs among Stevedoring companies. These elements contributed substantially to peaceful and harmonious labour relations. There were only two longshoring work stoppages during 13 rounds of negotiations since the last back-to-work legislation affecting St. Lawrence ports in 1975.

It was not, in fact, until 1987 that the underpinnings of section 34 were shaken. In essence, it was a dispute involving longshoring activities in the ports of Trois-Rivières and Bécancour that made certain deficiencies in the wording of this article apparent.

• (1510)

This would be a good time to locate these two regions for those who are not familiar with them: Trois-Rivières is located about halfway between Montreal and Quebec City on the north shore of the St. Lawrence, while Bécancour is located directly across from Trois-Rivières on the south shore and both are linked by a bridge of approximately one quarter of a mile in length. Under an agreement, longshoremen in Bécancour and Trois-Rivières can work in either of the two ports.

In July 1987, the Labour Relations Board issued a geographic certification order covering longshore workers in Trois-Rivières and Bécancour. The board also ordered the longshoring companies in the two ports to appoint an agent to represent them. One of the employers did not respond and the board designated the agent chosen by the other employers. The dissident employer contested the two board decisions before the Federal Court of Appeal.

The Federal Court of Appeal rejected the two applications for review in August 1988 but noted the ambiguities and deficiencies it found in section 34. For instance, the section could be interpreted as requiring unanimous consent of all the affected employers on the choice of an agent. On the other hand, the Labour Code did not provide for the possibility of an objection by an employer to an appointment.

While the Federal Court of Appeal did not find the drafting deficiency fatal to the Labour Board's rulings, the Quebec Superior Court, by applying the civil law principle of "mandataire" or "agent", concluded that section 34 did not explicitly permit an agent to act on behalf of an employer without the latter's express agreement.

In August 1988, as a result of a request by the dissident employer, the Quebec Superior Court issued a temporary injunction preventing the agent from concluding an agreement in the employer's name without its authorization. The permanent injunction was issued in February 1990. A strike affecting the two ports commenced on September 27 of this year and continues to this moment. The injunction of the Quebec Superior Court has eliminated any possibility of a settlement and there is a risk that the strike could continue as long as the appointed agent is prevented by the injunction from concluding a collective agreement.

As you can gather, honourable senators, all these circumstances—plus the possibility of the spread of stalemates of this kind elsewhere—testify forcefully in favour of an amendment to the Code. These improvements, which have been made at the behest of both affected unions and employers, will clarify the intent of section 34 with respect to geographic certification.

Under the terms of the proposed amendments, once the Canada Labour Relations Board grants a geographic certification, it is also entitled to name the employers' representative if they do not do so themselves within a time period determined by the board. The amendments before us would empower the board to hear and to determine any question concerning the application of section 34, including the choice and appointment of an employer's representative.

Furthermore, under the provisions of the bill, the employer's representative is required to represent all the employers fairly. The board will hear complaints in this regard and may subsequently make rulings which it deems appropriate to redress any violation.

Honourable senators, this provision will protect the interests of individual employers, maintain the integrity of the legislative system introduced in 1973, and ensure continued application of existing geographic certifications in ports across the country. It will also provide the ports of Trois-Rivières and Bécancour with an opportunity to resolve their labour dispute.

As I indicated at the outset, the purpose of this bill is to correct drafting deficiencies identified by the courts by clarifying the application of section 34 as intended by Parliament when it was adopted in 1973.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, there is not much that can be usefully added to the clear and even exhaustive description of this bill just put forward by the Deputy Leader of the Government. I wish to say a word or to two to highlight why we support this bill. As pointed out, it concerns the longshoremen in Trois-Rivières who have been without a collective agreement since 1985 and who have now been on strike for two months.

There are two ports in Trois-Rivières. There is the port of Trois-Rivières and the port of Bécancour. Although the longshoremen in the two ports obtained certification, the marine employers in the two ports have been feuding, I understand,

about who should be the employer with respect to this bargaining unit, with the result that the union has no one with whom to collectively bargain.

This is the reason why I think this bill deserves support. As Senator Lynch-Staunton has pointed out, or at least implied, it fills a potential hole in the collective bargaining process, one that one would not normally think about. Normally, one thinks of the employer and unions fighting for certification of a bargaining agent to deal with the one employer who is clearly defined. Here we have in a sense the opposite situation. Rather than the employer saying, "We do not know who to bargain with, you will have to give certification," the union is saying, "We are ready but we do not know who to bargain with because of the dispute amongst the employers."

The amendment in the legislation then provides, as Senator Lynch-Staunton states, a solution to that situation. When the Canadian Labour Relations Board certifies the local trade union "it may appoint an employer representative of its own choosing if the employer does not do it himself within the time frame specified by the board." That is a quote from Mr. Pierre Vincent, parliamentary secretary to the Deputy Minister and Minister of Finance.

For these reasons, and the reasons put forward by Senator Lynch-Staunton, it is understandable why the union very badly wants this bill. They have had no pay increase since 1985, and no possibility of obtaining one until they have an employer to negotiate with. As we understand it, the union would like this bill passed as soon as possible and, as far as we have been able to determine, therefore, they have no interest in appearing before the Senate to explain their position, as was done on the two previous occasions when we moved into Committee of the Whole to hear the minister on what was, in effect, back-to-work legislation. To some extent this is in the same category.

There is no reason that we should dwell on this matter any further, except to hear from the minister to ensure that what Senator Lynch-Staunton and I have said is correct. If it is, then there is no reason why we should dwell on this bill, particularly because it is beneficial to labour and apparently the employers feel that it is also necessary for their interests.

The only criticism that could possibly be laid on the government in this case is that they may have waited too long before taking this positive step. However, better late than never. We are ready to support the bill and support a reference to a Committee of the Whole in order to confirm with the minister that what we have now put on the record is correct. If it is, we will support the bill at third reading.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Briefly, I would add a word on the general parliamentary practice. The parliamentary practices that we follow, inherited from the British parliamentary system, have evolved over the years in a very sensible manner and have a reason for their existence. The stages of first reading, second reading, and the separation of those with time, ensures that all members have the opportunity to read bills before they are asked to pass on them, and that anyone in the general public who may have an interest in the matter has an opportunity to come forward and express their views to Members of Parliament.

● (1520)

I think it is very important that we keep that in mind and that we resist at all times the pressures of government and the bureaucracy who want to hasten all these things and find reasons why it has to be done instantly, instead of following the standard parliamentary practice. I make this point because this is the third time in this session that we have been asked to pass back-to-work legislation in a hurry. I understand the circumstances, but I just want to make my point very clear that if we resist this practice, it is because we believe that it is wrong in principal to proceed in this way. This practice should only be followed when it is absolutely essential to do so.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

Senator Lynch-Staunton: I move that the bill be now referred to the Committee of the Whole.

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

Hon. Senators: Agreed.

Motion agreed to.

CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Gerald R. Ottenheimer in the Chair.

Senator Lynch-Staunton: Mr. Chairman, if we are ready, I will ask the Minister of Labour to join us. I hate to say these are regular visitors, but I welcome the Minister of Labour back again, hopefully for the last time this year' for his sake and ours. Accompanying the Minister are Michael McDermott, Senior Assistant Deputy, Federal Mediation and Conciliation Service, and, Marie-Claude Turgeon, Legal Counsel. I believe the Minister may have a statement to make.

The Chairman: Honourable senators, the Senate is in Committee of the Whole on Bill C-44, an act to amend the Canada Labour Code, (geographic certification). Shall the title be postponed?

Hon. Senators: Agreed.

The Chairman: I understand the honourable Minister has a statement.

Pursuant to rule 21 of the Rules of the Senate, the Honourable Marcel Danis, Minister of Labour, was escorted to a seat in the Senate chamber.

[*Translation*]

Hon. Marcel Danis (Minister of Labour): Thank you, Mr. Speaker.

Honourable senators, contrary to other bills that I had to introduce here, this one is rather of a technical nature and intends to correct an error in the legislation that was passed in 1973, I believe. That legislation which was about certification . . .

[*English*]

It was challenged in court in the early 1980s. The case is still pending. This has had the following effect on the people who work at the docks of Trois-Rivière and Bécancour.

[*Translation*]

The dockers in Trois-Rivières and Bécancour have not had an opportunity to sign an agreement with their employers, who seem to be divided into two groups, the group called MEA and another group, Les terminaux portuaires du Québec.

If you pass this bill, honourable senators, it will have the effect of allowing employers to group themselves into a marine association. In that case, assuming that an agreement is reached, dockers could have a collective agreement, a first since 1985. So, they have not had any salary increase, which is why this bill is urgently needed.

Thank you, Mr. Speaker.

The Chairman: Thank you, Minister. Senator Molgat.

Senator Molgat: Thank you, Mr. Speaker.

Mr. Minister, if this situation dates back to 1985, why this sudden urgency?

Mr. Danis: Thank you, Mr. Chairman.

It is urgent because the longshoremen have been working in the same port without any salary increase and without a new contract for over six years now. A strike was started about two months ago. It seems that it is legally impossible for employers to sign a contract until this bill is passed.

There was no real emergency, since there is not really a strike, but nevertheless, these people did not get a pay raise since 1985.

Senator Molgat: I understand very well the problem from a union perspective and I can see why the employees want a settlement.

What I do not understand, if they have been on strike for two months, is why you did not introduce this bill six weeks ago?

Mr. Danis: We were hopeful at that time that the two parties could settle their differences. We were expecting an agreement between the employers, and I met with the two groups of employers to try and obtain such an agreement, but it proved impossible.

I could not talk what I would call the minority group into joining voluntarily with the majority group, MEA, so that we could have a contract. TPQ won in the court and was granted an injunction preventing MEA from signing.

At that time we were confident a settlement could be reached. Knowing the way our court system works, it might be years before this problem is settled judicially.

I think it is in the public's best interest that we pass this bill.

Senator Molgat: When was this injunction granted to one of the employers?

Mr. Danis: I think there was a temporary injunction towards the end of 89. It was made permanent at the beginning of the 90's.

The case is now under appeal. Unfortunately, even though I often pleaded in front of the Court of Appeal, I cannot say. As far as I know, no hearing date has yet been given.

Senator Molgat: How long has it been before the Appeal Court?

Mr. Danis: I think, Senator, that the appeal was filed at the beginning of 1990.

Senator Molgat: So, why didn't you act before? I don't understand how your department could let that situation go on so long without taking action.

Mr. Danis: My department organized conciliatory meetings between the parties. In fact, the problem could very well be solved without a Court decision.

We thought that the parties could come to a friendly solution but they did not. That's why we waited before proceeding with the bill. We hoped that the parties could come to an agreement. We concluded that that was not possible and I would add, Senator, that the strike may have prompted my department into acting more quickly.

Senator Molgat: But still, the strike has been going on for two months, am I not right?

Mr. Danis: The strike is two months old. I met both parties to try to bring them together and get an agreement but that was simply impossible.

That's when, I decided to introduce the bill that is before you today.

• (1530)

Senator Molgat: On the union side, does everybody agree on the adoption of this bill?

Mr. Danis: Yes, senator.

Senator Molgat: There is no dissent?

Mr. Danis: Not that I know of, senator.

Senator Molgat: On the employers side, is there only one who does not agree, or are there several of them?

Mr. Danis: There are two employers associations. There is one called Maritime Employers Association, and that one agrees on this legislation. And there is another one called *Les terminaux portuaires du Québec*, and that one does not agree.

This bill would allow the Canadian Labour Relations Board to appoint a management representative. So, it would be up to both employers in the Trois-rivières and Bécancour harbours to choose a representative, MEA or TPQ. If they could not agree on this, then a representative woukd be appointed by the Canadian Labour Relations Board.

TPQ has told us that the companies they represent do not want to join MEA et prefer to settle themselves their labour

relations problems. When the former government, in 1973 I think, adopted a bill on regional certification, they did so in order to prevent or reduce labour relations problems in similar locations.

I believe that the bill adopted by the then liberal government was a good one. Everybody seems to agree on the regional certification principle, but here we have two associations willing to represent the employers.

I think that there should be only one. I ask you today to adopt this bill et leave it to the Canadian Labour Relations Board to appoint a group, either one or the other, I do not mind.

Senator Molgat: Is there an equal number of employers in each group or is there a dominant group? What is the situation?

Mr. Danis: The TPQ group is representing itself as an employer and all the other employers have the MEA as their authorized agent for now.

Senator Molgat: In other words, the TPQ represent only one group. Despite conciliatory efforts, you have met directly with both these groups to try to explain to them the situation, but to no avail?

Mr. Danis: To no avail, senator. The main reason is that the TPQ group wants to negotiate on its own with the long-shoremen, without the presence of the MEA, the biggest employers' negotiator in Canada in that area. TPS wants to negotiate just for its group. We think it would be in the interest of the whole country to have only one group negotiating on behalf of the employers in that field.

Not that we favour the MEA, but we want only one group to negotiate on behalf of all employers.

Senator Bolduc: What would be the advantage in having an employers' coalition?

Mr. Danis: The advantage of having only one employer is that there will be only one collective agreement and a system where longshoremen working aboard one ship could at any given time work aboard another one and still belong to the same group of workers in both ports, those of Trois-Rivières and Bécancour.

We believe this will bring about more stable labour relations if there is only one employer on both shores of the St. Lawrence.

Senator Molgat: Will this bill, if passed, introduce a system of a kind that does not exist elsewhere or will the situation be similar to that in other ports?

Mr. Danis: Honourable senator, the same situation exists in cities like Montreal, Quebec City, Halifax or St. John's, Newfoundland. It is not unique in any way. In this case, we are trying to correct a problem by implementing a system similar to that existing elsewhere. Everywhere else, the MEA negotiates on behalf of employers.

Senator Molgat: Since that is the way things are done elsewhere and that TPQ knew you were ready to present that bill, was it not willing to back down and negotiate a settlement rather than have the Parliament step in?

Mr. Danis: I really thought it would happen and that TPQ would come to an agreement with MEA.

Now, should you decide to pass this bill today, nothing prevents employers in Trois-Rivières or Bécancour from choosing TPQ if they wish.

This bill will enable the Canada Labour Relations Board to designate an association to represent employers. It could be either one. TPQ does not think so and says that if the Board makes a decision, MEA will be chosen. It says that once an employer is represented by MEA in cities like Montreal or St. John's, Newfoundland, for example, it is bound to be MEA all the way. That is why TPS is against this bill. If there is an agreement between the employers and the MEA, I assume it is a private agreement. That is why the bill is worded in this way. The bill does not provide that the MEA shall be the employer association. The bill obliges the employers to have a representative. They can choose whoever they want.

Senator Molgat: If we have one employer with a specific point of view on one side and several employers with a different point of view on the other side, whoever is representing the single party will probably lose, right?

Mr. Danis: Probably. The Canada Labour Relations Board has already heard a similar case, and at the time, it chose the MEA.

I cannot anticipate what the Board's decision would be if it were asked to rule in the Trois-Rivières and Bécancour case.

Senator Molgat: I realize that your bill does not impose one, but to me, the situation is quite clear.

Isn't one of the reasons why Parliament should never act too hastily that someone's interests may be harmed as a result of our decision, and shouldn't this individual or group have a chance to express their point of view?

If we expedite this bill as requested . . . We didn't ask for the union to be present, because we were told they had no objections, that they all agreed. You just said so yourself.

Obviously, there is no agreement among the employers. This means that what we are about to do will be unfair to one individual or group, which will not have had a chance to respond. I don't think this is the right approach.

Mr. Danis: Honourable senators, geographical certification was discussed extensively by Parliament in 1972. It was then decided to go ahead. This bill simply corrects a technical defect in the 1972 legislation. I can tell you, honourable senators, that I have had a fair number of communications with TPQ; their counsel made representations to our party and, I believe, to the official opposition as well. I think that they have had opportunities to make their point. This bill is nothing new. I respectfully submit that this is simply to correct a technical defect.

At that time, I met with them to explain what was the situation. When I met with TPQ, MEA and the union, I even gave them a copy of the bill that I was preparing, to ask them

for possible changes, amendments or the like. They came back with suggestions that were incorporated in the legislation in front of us, but those suggestions are not substantial.

I had no intention, senator, to change the substance of the 1972 legislation, the one from the Liberals, because I think that it was a good legislation. I gave them as much opportunity to be heard as I could; I even gave them copies of the bill so that they would not have any surprises and TPQ would not know for example what was going on. I think that they had a fair opportunity to be heard and that this bill is reasonable.

Senator Molgat: Mr. minister, it is always a pleasure to see you, of course, but we find that this is happening to often. With all those bills sent to us in such a way that we have to pass them expedetiously, we do not find that this represents a proper functioning of the parliamentary system. We believe that our parliamentary system reflects fundamental considerations and that it is not proper to by-pass our system. Thank you, this puts an end to my questions. With all due respect for you personnally, I hope that we will not see you for a while in similar circumstances.

Senator Kinsella: Mr. Speaker, I would like to know from the minister how many employees will be affected by this bill.

Mr. Danis: About 200. Between 140 and 200 employees work in these ports.

Senator Kinsella: Who is the bargaining agent for these 200 employees right now?

Mr. Danis: All in all, there are about 200 employees. I would say about 140 of them work in Trois-Rivières more often than on the other side. The MEA represents those 140 employees. On the other side, at Bécancourt, there may be 60 workers. The MEA was also representing them until the TPQ group got an injunction to prevent the MEA from signing the collective agreement. So, in Trois-Rivières, the MEA is the bargaining agent, but on the other side, although it should be the MEA, and we thought it would be the MEA, it could be the TPQ group. But with this bill, nothing would stop the employers on both sides to choose the TPQ group. If we look at what happened in the past, the Canadian Relation Board has chosen the MEA. But we cannot tell who they would choose in the future if the employers cannot reach an agreement.

● (1540)

Senator Kinsella: With the first group, what is the nature of the membership relationship of those employees with that syndicate? Is it a closed shop or is it not a closed shop?

Mr. Danis: It is a hiring-hall, closed-shop operation, Le syndicat canadien de la fonction publique.

Senator Kinsella: Therefore this bill does not affect that relationship, that closed-shop relationship?

Mr. Danis: None whatsoever.

Senator Kinsella: In closing, Mr. Minister, to follow on the honourable the Deputy Leader of the Opposition in the Senate, we always look forward to your coming before the Committee of the Whole and we also look forward, in addition, to seeing your new assistant deputy minister Mr. Capello at your side.

[*Translation*]

Mr. Speaker: If there are no more questions, I would like to thank the honourable minister and his associates from his department for the assistance they lend the Committee of the Whole today.

[*English*]

Shall clause 1 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 2 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 4 carry?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, the sitting of the Senate is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Gerald R. Ottenheimer: Honourable senators, the Committee of the Whole to which was referred Bill C-44, to amend the Canada Labour Code (geographic certification), has examined the said bill and has directed me to report the same to the Senate without amendment.

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): At the next sitting of the Senate.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I am ready to accept this suggestion, but I should make it clear that in the past, when we were asked to set our rules aside, the issues affected both labour unions and employers. Each time, we demanded that labour representatives as well as the minister have the opportunity to be heard. We did not make the same kind of request this time because we were given assurances that all unions were in agreement and did not oppose this bill. This should not be considered a precedent in the future, and I hope that we will not have to meet for similar reasons.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the day for third reading at the next sitting of the Senate.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

THIRD READING—DEBATE ADJOURNED

Hon. Normand Grimard: Honourable senators, I move that Bill C-15, to provide for certain matters respecting official languages, employees' pensions and labour relations in connection with the transfer of certain airports, be read the third time.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, will the sponsor of this bill make any more comments?

Senator Grimard: Not at this time, honourable senators.

[*English*]

Senator Frith: I wish to correct the record. On an earlier occasion, I said that this bill was a successor to a previous bill. It was in the sense that the previous bill was C-85 before prorogation. However, in this session, this bill has been before us on June 17, 1991, and September 18, 1991, for debate. In June, in the *Debates of the Senate* at page 220, I drew to the attention of the Senate a letter that I had received just a day or two earlier from the retiring Commissioner of Official Languages, Mr. D'Iberville Fortier. It is at page 220 that the wording of his letter is read into the record, and he draws attention to this bill, and particularly to section 4(1) of the bill.

In June of 1991, having read into the record Mr. Fortier's letter in which he takes dead aim at that particular section, I then moved the adjournment of the debate, hoping that honourable senators would have an opportunity to read what D'Iberville Fortier said in his carefully reasoned letter, which asked that section 4(1) be removed because of the effect I later described in further detail in my remarks on September 18, 1991.

I do ask honourable senators on both sides to have a look at those two issues of the *Debates of the Senate*, that is June 17 and September 18, 1991, because I do want, if possible, to take all partisanship out of the proposal that I am about to make to the Senate by way of amendment.

Having had some experience in this field as a member of the Royal Commission on Bilingualism and Biculturalism, and as legal counsel to the first Commissioner of Official Languages, Mr. Spicer, I know that there are a number of people on all sides who certainly support the spirit and the letter of the Official Languages Act. I do believe that what is happening with section 4 (1) is a mistake.

I have some reservations about whether or not airports ought to be privatized, but I do not want to debate that now. I do, however, want to call on all senators to focus their attention on the fact that, in the course of this privatization, a very hard-won principle of the application of the Official Languages Act is being dashed. That is the principle that the Official Languages Act applies to federal institutions and to concessionaires or subcontractors of federal institutions where those concessionaires serve the same clientele as the institution does.

I can assure you, and as I pointed out in September, that principle was established after long efforts by the office of the Commissioner of Official Languages, of which I was a part at the time, to make it clear that, for example, at a car rental agency in a federal institution, namely an airport, service had to be provided in both languages—not just at Air Canada's counter; not just at the information counter for the Department of Transport, but at the counter of the concessionaire, in this case taking as an example the car rental agency.

Section 4 effectively reverses all that progress by saying that, in effect, the Official Languages Act will not apply to such concessionaires. They may offer services in both languages, but they are free to choose. They will not be required to offer service in both languages as they were previously under the principles established and then imposed by the Department of Transport. That is the point made by Mr. Fortier.

In September, I said I was certain that the first Commissioner of Official Languages, Mr. Spicer, would have opposed this amendment. I speculated with some certainty—and I have heard nothing from either of them to contradict or to quarrel with my assumption—that the subsequent commissioner, namely Mr. Yalden, would have disagreed with this change. Of course, we know where Mr. Fortier stands because we have heard from him. That leaves only the new Commissioner of Official Languages, Dr. Goldbloom.

Dr. Goldbloom appeared before the Committee on Transport and Communications and was asked what his feeling was about Mr. Fortier's position on the section that I believe should be amended.

• (1600)

At page 3:49 of the session on the 21st of November last, Senator Molgat said:

[*Translation*]

> Then the big question when we examine clause 4 is whether we should include Parts V, VI and VII in clause 4 as proposed.

[*English*]

Or, in the other column:

> Then the big question when we examine clause 4 is whether we should include Parts V, VI and VII in clause 4 as proposed.
>
> **Mr. Goldbloom:** That would be my recommendation.
>
> **Senator Molgat:** I would like to come back to a detail you mentioned a moment ago, third parties under contract. If I understood you correctly, some statements have been made through the Department of Justice. When we examine clause 4(2), it seems to me it could be subject to considerable dispute. Would it not be better simply to eliminate clause 4(2) and thus not have this problem?
>
> **Mr. Goldbloom:** I am not a legal specialist, and I cannot answer that from a legal perspective, but my impression is that that would be a desirable way of clarifying Parliament's intention.

Senator Molgat: So it would be quite clear that there is no way to circumvent the Act. Thank you. You have answered my questions fully and very satisfactorily.

Previously, Senator Molgat had put to Dr. Goldbloom, the new Commissioner, the position taken by D'Iberville Fortier and Dr. Goldbloom unqualifiedly supported the position taken by D'Iberville Fortier.

Therefore with regard to this clause, honourable senators, we are told in unqualified terms by a succession of commissioners of official languages, agents of Parliament established under the act to advise Parliament on the question of the Official Languages Act, empowered under the act, in fact given the duty under the act, to uphold the provisions of the act, that it would be a mistake to leave this clause in the legislation, that we should take it out because it is reversing years of progress in the administration of the Official Languages Act.

Why do we not take their advice? If it were a matter of dispute we might want to take the advice of one or two of the disputants, but in this case there is no dispute whatever that the legislation should not contain such a provision. Therefore I call on all champions of the Official Languages Act and the progress made since the late 1960s in this field to listen to the people whom we have picked to act as our advisers on the Official Languages Act. I ask all of you who feel that the Official Languages Act should be supported, that the advice of the constitutionally constituted champions of the act should be followed, to support the following amendment. I move:

> That clause 4 of Bill C-15 be deleted and replaced by the following:
>
> 4. Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date the Official Languages Act applies to the airport authority, with such modifications as the circumstances require, to the authority in relation to the airport as if
>
> (a) the authority were a federal institution; and
>
> (b) the airport were an office or facility of that institution, other than its head or central office.

That will remedy the vice discovered by Commissioners Fortier and Goldbloom, and I think it deserves the support of all honourable senators.

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

Senator Frith: Perhaps I can add a word, albeit not in debate. Perhaps I am being too Pollyanna about this, but I sense some support for the principle that I am talking about. Therefore I hope that we will not determine this matter today because if I am right that there are some who would support the amendment to this clause, then I think we should be sure that we get it right. It may be that some honourable senators on the other side, or even on this side, might have some differences with the wording of the amendment and feel that it might be otherwise worded to achieve an agreed objective. Senator Simard asked for a copy, and I hope that honourable senators will have a chance to look at the wording of the amendment as it will appear in tomorrow's *Minutes of the Procedings of the Senate* and *Debates of the Senate*. That is not intended to stop any debate on the issue now, of course.

[*Translation*]

Hon. Normand Grimard: Honourable senators, I have no problem with Senator Frith's suggestion. It is perfectly justified. Did you suggest we should discuss this tomorrow, Senator Frith?

Senator Frith: Honourable senators, I think the debate could go on. Senators way want to participate and Senator Grimard may wish to examine this amendment. It is the same as the one moved in committee. At the same time, there are other reasons we may wish to debate this amendment in the sense that there is a possibility we could agree not only on the principle but also on the wording.

The Hon. the Speaker: I should inform honourable senators that copies of the amendment in both languages are being made and will be distributed momentarily.

Senator Frith: This is certainly possible, honourable senators. As I said, we are in no hurry to end the debate today. Perhaps, we could postpone the debate until tomorrow. We could then examine in an official way the amendment made, as is required by the Rules of the Senate.

Senator Grimard: Honourable senator, your suggestion is fine with me.

[*English*]

Senator Lynch-Staunton: Just to be clear, Senator Frith, I understand that you have proposed an amendment but have yet to move it.

Senator Frith: I am moving it. I have also moved the adjournment of the debate, but someone else may wish to take the adjournment. I was urging someone to do so in order that everyone could have a look at the wording of the amendment overnight and we could take a day or two to look at it.

[*Translation*]

Hon. Eymard Corbin: Did Senator Simard ask for the adjournment in his name? I did not get that point. Does Senator Simard want to talk? I would also like to say something on that point, but not at this time.

Hon. Jean-Maurice Simard: Honourable senators, I take great interest in this issue. I have spent several hours examining this bill. I have been in contact with the Office of the Official Languages Commissioner. For all these good reasons, I would like to propose the adjournment of the debate to enable me to study the amendment proposed by Senator Frith.

On motion of Senator Simard, debate adjourned.

• (1610)

[*English*]

CRIMINAL CODE
NATIONAL DEFENCE ACT
YOUNG OFFENDERS ACT

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator DeWare, seconded by the Honourable Senator Kinsella, for the second reading of Bill C-30, An Act to amend the Criminal Code (mental disorder) and to amend the National Defence Act and the Young Offenders Act in consequence thereof.

Hon. Richard J. Stanbury: Honourable senators, first of all, I wish to thank Senator DeWare for her explanation of Bill C-30 last Thursday. I have listened with interest in the hope that some of my concerns about the bill would be satisfied during her presentation. I regret to say that some of my reservations about some aspects of this bill are still there. Nevertheless, I hasten to assure honourable senators that I intend to support the principle of the bill so that it can be moved on to committee.

Bill C-30, by the long title: an Act to Amend the Criminal Code (mental disorder) and to amend the National Defence Act and the Young Offenders Act, is an attempt through legislation to address a serious discrepancy between how our current criminal justice system treats an accused person who is mentally disordered and what is acceptable treatment according to Canadian society today.

The *Swain v. The Queen*, a Supreme Court Charter decision handed down in May, underscored the necessity for a reconciliation between the specific law and the fundamental attitudes of Canadians as expressed in the Charter of Rights and Freedoms. The court found that the present law violated the Charter rights of the mentally ill, as well as principles of fundamental justice and freedom as a result of arbitrary detention. The decision requires Parliament to enact remedial legislation to address the concerns of the court. Therefore, the need for legislation is unquestioned. Where there is a question, however, is in making the determination of whether this bill will satisfy the needs of the Charter as well as being good public policy.

There are two objectives of the bill. The first is to improve protection of society against those few mentally disordered accused who are dangerous. The second is to recognize that those accused have the fundamental right to due process and fairness under the law. Both objectives are, of course, laudable.

The bill would introduce a cap on the length of time an accused can be detained on the basis of his mental health. Caps vary from two years to ten to life, depending on the severity of the crime. This mechanism is intended to generate more fairness in the system by providing a rough equivalence between the way law treats sane offenders and the way it treats those who are mentally disordered. The cap assures that people will not get lost in the bureaucracy of the system.

Also central to this bill is an effort to reconcile the justice system's relationship with the provinces and their review boards. Bill C-30 regularizes the system by making review boards compulsory and allotting them specific responsibilities. They take over the determination role from the provincial lieutenant governor.

Still, beyond the logic and need for these provisions and others, there are unresolved questions about this bill from a policy standpoint as well as from the standpoint of how the legislation would impact the existing policy environment. For instance, there is already a distinct lack of facilities and staff for the treatment that is needed to help those people who currently find themselves considered insane by the court system. I am concerned that the drain on the system is going unaddressed and that it will only get worse.

I would hope that the government will soon introduce social policies that will recognize the environment that will exist after the implementation of this legislation; and, similarly, for the parole legislation currently being debated in the other place. We cannot sit here, away from the working level of the system, and simply legislate. Changes to the laws—which changes are warranted—are not enough to address the pressures on the system. There must be a concerted effort to address the associated needs of the system.

In fact, not only has the government not targeted any resources with the introduction of this legislation, it shifts the burden to provincial review boards. This bill will increase the load on the shoulders of the already overburdened provinces. It would give provincial governments greater responsibility while neglecting to provide them with any additional resources.

Another concern I have had is not so much with the bill itself but with the government's handling of the bill. It is obvious that the government was under serious time constraints to amend the Criminal Code as a result of the Supreme Court ultimatum; however, the government was well aware of the problem long before that decision. Knowing this was the case, I would have thought that the government could have drafted and tabled this bill with more dispatch so that there would be adequate time for parliamentary debate. As a consequence of the government's schedule, I am not confident that the ramifications of this important legislation have been sufficiently studied.

I understand that it takes time to compose a bill, but I would have hoped that the minister could have done a better job of anticipating the ruling of the Supreme Court that had been expected for some time before it was announced in May. With a little anticipation, the minister could have had a draft bill waiting for final editing.

It is not, after all, the first time that this government has looked at this subject matter. The Honourable John Crosbie had tabled a draft bill on this subject as far back as 1986. Nevertheless, we are faced with consideration of this bill today with little time to study the implications. That is why the

provision for a parliamentary check on the legislation was deemed so important.

Section 36 of Bill C-30 requires evaluation to determine whether the legislation is meeting its objective. Clause 36(1) states:

> A comprehensive review of the provisions and operation of this Act shall be undertaken within five years after the coming into force of any provision thereof, by such committee of the House of Commons as may be designated or established for that purpose.

Clause 36 (2) continues:

> The committee shall submit a report of the review to the House of Commons within one year after commencing it, or within such further time as the House of Commons may authorize.

I hope that these clauses, which were introduced in the other place by amendment, will keep the minister on her toes with regard to the bill's provisions. I hope that if the legislation does not work as intended, we will see amending legislation. You will note that there is no provision for review or report in the Senate of Canada.

This is serious legislation that will have serious consequences on the criminal justice system as well as on those who work with the system and those who find themselves within the system. This bill should not be considered as being perfect or the last word on dealing with the mentally disordered accused.

As for our current consideration of the bill, I support the principle of the bill and agree with Senator DeWare that it should be sent to the Standing Senate Committee on Legal and Constitutional Affairs for closer consideration.

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

Hon. Mabel M. DeWare: Honourable senators, I wish to thank the Honourable Senator Stanbury for his remarks and say that I agree with some of his points. I am glad to see that he agrees that the bill should go ahead.

Bill C-30 has received months and years of consultation with the federal-provincial governments and departments, as well as with interest groups and members of immediate families of some of these interned mentally accused. What has happened over this time of consultation has strengthened the bill and has made it acceptable to the parties concerned.

● (1620)

Honourable senators, if the bill received second reading, I will move that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

[Senator Stanbury.]

On motion of Senator DeWare, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

INSURANCE COMPANIES BILL
COOPERATIVE CREDIT ASSOCIATION BILL
TRUST AND LOAN COMPANIES BILL
BANK BILL

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the consideration of the Third Report of the Standing Senate Committee on Banking, Trade and Commerce (subject-matter of the following Bills: Bill C-4, An Act to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters; Bill C-19, An Act respecting banks and banking; Bill C-28, An Act respecting insurance companies and fraternal benefit societies; and Bill C-34, An Act to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters), tabled in the Senate on 28th November, 1991.

Hon. Michael Kirby: Honourable senators, I rise to make a few remarks on the third report of the Senate Banking, Trade and Commerce committee on pre-study of four bills which, together, constitute a significant reform of the financial services industry in this country. It is appropriate to speak on the committee report at this point because when the bills come to us from the other place later this week they will be too large and technical to fully digest. There are a number of policy questions worth raising because they are discussed in the committee's report, and there have been a number of senators appointed since the Banking, Trade and Commerce committee last reported on this issue.

I ought to perhaps make a couple of observations at the outset of my remarks, honourable senators. One is to stress that the committee report before you is unanimous. Historically, with the notable exception last fall of the GST bill, for more than a decade, reports of the Banking, Trade and Commerce committee have always been unanimous. Precisely because they have been unanimous, the industry and the government have paid considerable attention to what the committee has had to say.

On the broad subject of financial institution reform, the Senate began its study of that issue back in 1985 when we had a series of hearings that continued through much of the fall of 1985 and on into the spring. In May 1986 at the conclusion of those hearings, chaired by Senator Ian Sinclair in his capacity as Chairman of the Banking, Trade and Commerce committee, the committee issued a report in response to a green paper from the government. The Government's green paper came out in the summer of 1985. We had hearings in the fall and through the winter, and in May 1986 a report was tabled entitled, "Towards a More Competitive Financial Environment". The government accepted the recommendations out of

that report, which received favourable reaction from the four pillars of the financial services industry.

Two years later, following the election of 1988, the government produced a second paper which it called a blue paper. That paper came out in the fall of 1989 and was the subject of very extensive Senate Banking, Trade and Commerce committee hearings. In May 1990, four years after our first report, we did a second report based on the Government's blue paper, this time entitled "Canada 1992, Toward a National Market in Financial Institutions".

The reason I draw these two reports to the attention of the Senate is that a great many of the major principles outlined in those two reports have been incorporated in the four bills which will come before us in the next few days. I raise that because it is important, particularly for new members in this place, to understand that there has been a long history of the Senate Banking, Trade and Commerce committee having a significant impact on the position the government ultimately adopts on major issues considered by our committee.

I would like to give three or four examples of elements of the current package of bills—and I repeat "package of bills"—because the four bills need to be taken collectively in order to understand how they reform financial institutions. The bills are designed to be a package which treats the financial services industry as an industry sector, as opposed to the historical way of treating banks separately from insurance companies, separate from trust companies and separate from co-operatives. It is worth noting that three or four of the major principles in this legislation first saw the light of day in terms of being recommended, as a result of originating with this committee.

In the report of May, 1986, the committee wrestled with the difficult question of how to deal with the relationship between financial institutions. We were only talking about trust companies in those days. How does one deal with the relationship between a financial institution which happens to be affiliated with, and indeed in some cases owned by, a commercial company? How does one prevent a situation in which, for example, loans that are not good loans from the financial arm, the trust company arm of a conglomerate, take place with its noncommercial arm? How does one deal with that cross-ownership issue?

We recommended in 1986 that security be obtained by ensuring that there was adequate public scrutiny of the transactions of the trust company. The way we proposed to do that, in the case of a conglomerate where there was a mixture of financial services on the one hand and commercial companies on the other, was to require that there be a 35 per cent public float, either in the shares of the trust company or in the shares of the parent holding company. This was done in order to ensure that a combination of the regulations that govern any public company, including the auditing procedures, would be required to expose very clearly the nature of any transaction between the financial arm and the nonfinancial arm.

That 35 per cent rule, as it subsequently became known, first appeared publicly in the report of the Banking, Trade and Commerce committee in May, 1986. That is precisely the requirement that is in the legislation which will come before us next week in the sense that what the government has said is that if a sizeable financial institution, particularly a sizeable trust company, is part of a conglomerate, it will be required to have a 35 per cent public float to avoid the type of non-arm's-length transactions about which the committee had been concerned during its 1984 and 1985 hearings.

• (1630)

A second example of an idea related to the financial services sector which originally came forward as potential public policy was the discussion of self-dealing and how that ought to be handled. In 1985, the committee took a very strong view that in fact self-dealing ought to be completely banned. That was not the concept that had originally been proposed in the government's green paper back in the summer of 1985, yet we find in these bills are now coming before us wording on the self-dealing section that is virtually identical to what was recommended in our May, 1990, report in the sense that self-dealing is completely banned in these bills. This is another example of a case in which the work of the Senate Banking, Trade and Commerce committee had a very clear impact on public policy.

I will give you a third example, one which was very controversial because it was opposed by the banking industry at the time the committee proposed it. In May of 1990 we wrestled with the question of supporting the so-called 10 per cent rule for banks. That is a rule which says that no single shareholder can own more than 10 per cent of a company. At the same time, we wanted to ensure that the chief executive officer of that company did not have a purely captive board, because one thing the 10 per cent rule does is it guarantees management succession since clearly it means that once you have a majority on the board, you will always have a majority on the board because no one can own more than 10 per cent. Therefore, in effect, you can never wrest control away from those who have it.

We wrestled in those hearings in 1990 with the question of how to balance the need for the 10 per cent rule. Incidentally, this was argued for not only by the existing financial institutions who had it, but also by the Governor of the Bank of Canada and by every leading economist. Virtually every witness who came before the committee argued for the 10 per cent rule because of the need to ensure that the major banks in Canada remained in Canadian hands and because the free trade agreement prevented the government from passing legislation which treated Americans differently from Canadians. Therefore, if you were to allow a Canadian to gain, for example, majority control of a bank, you would therefore automatically have allowed Americans to gain control of it as a result of the free trade agreement which explicitly prevents any different registration on ownership provisions between Canada and the United States on this question.

Therefore, the committee concluded that the 10 per cent rule made sense. However, our view was that the way in which you ensured there was some honest dialogue and some con-

straining force on the management of the bank was to insist, as we did in May of 1990, that at least half of the members of the board of directors be unaffiliated with the financial institution.

At that time, we took "unaffiliated" fairly far. We said it not only meant that you were not a manager of the company, that you were not an insider, but in fact, in the case of a bank, you could not represent a company that had borrowed significantly from that bank. Since perception is perhaps even more important than reality in this instance, the perception was that it would take a very unusual person to be able to stand up to the CEO of a bank and disagree with that CEO if that individual also owed that CEO a substantial amount of money.

Our view was that in fact "unaffiliated" also meant that you did not owe the bank a significant amount of money, nor, for example, were you a lawyer doing a significant amount of your business with or from that bank. We took a very arm's length —

Hon. Royce Frith (Leader of the Opposition): How did you define "significant"?

Senator Kirby: "Significant" meant anything. That is to say, if you were employed by the bank as a lawyer, for example, you would automatically be considered affiliated with that bank and therefore not an independent director.

We argued for 50 per cent of independent directors. As one can imagine, that particular proposal was not looked on very kindly by the industry. The first time that independence of director issue had ever materialized for lengthy public debate was in the Banking, Trade and Commerce Committee's report of May of 1990.

What is interesting is what while the legislation that will come before us next week does not go as far as we would have liked in the sense that we argued that 50 per cent of the directors needed to be independent, in fact it requires that a third of the directors be independent. That is a very significant change in the make-up of the boards of major Canadian financial institutions. Again, I point out that it is a change that came about directly as a result of the work of this committee.

In the third report of the committee which is before you, we have touched on some other illustrative examples of the impact that the two previous sets of hearings of this committee had on the legislation before you. I wish I could tell you that all the major things that we had recommended in the past had been adopted, but that is not the case. There are two notable examples where the government has decided not to accept the committee's report. Again, let me emphasize that the two previous committee reports were unanimous committee reports. I think that is an important point to note.

One of the areas the government failed to address dealt with the question of the ability of banks to actually network in insurance. The committee had twice recommended, both in 1986 and in 1990, that banks ought to have the authority and the right to network in insurance by using their distribution network of better than 6,000 branches across the country as a way of retailing insurance. We believed it would decrease the overall cost of selling insurance and therefore, in fact, would be of benefit to the consumer. The government has decided not to allow that, even though, frankly, allowing networking would have been absolutely consistent with the overall thrust of this legislation, which is the collapse of the four pillars.

As I said in committee on a couple of occasions to the minister, it seems to me that, rather than risk the wrath of independent insurance agents across the country, who were mobilizing a lobby had the government supported networking, the government backed down in the face of that threatened lobby. It never materialized because the recommendation never materialized. It is clear, however, it seems to me, that the blocking of networking of insurance by banks, in fact, is counter to the whole basic thrust of the legislation.

The second way the government backed down and effectively chickened out in the face of a potentially very strong lobby was on the issue of automobile leasing. Again, twice our committee had recommended that financial deposit-taking institutions should be allowed to get into the automobile leasing business. We argued in that particular case that it made sense not only because it was consistent with the collapse of the pillars, but we also argued that it made sense because the biggest automobile leasing companies in Canada are all foreign owned. They are owned essentially by the major automobile companies, and it seemed to us that it was wrong for legislation to explicitly prohibit Canadian companies from getting into this lucrative part of the financial services market. In any event, again because of concern about a very heavy lobby campaign by automobile leasing dealers across the country, that major policy recommended by the committee was not adopted.

With the exception of those two issues, the networking of insurance by banks and the allowing of deposit-taking institutions into automobile leasing, every other major policy thrust in the two Banking, Trade and Commerce committee reports that I referred to earlier have, in fact, been adopted in some form or another in the bills that come before us.

• (1640)

The Hon. the Speaker: Senator Kirby, pursuant to rule 38(4), I must advise you that your 15 minutes have expired. If honourable senators waive the provisions of that rule, then you may continue. Thus, I ask honourable senators if that is their wish.

Hon. Senators: Agreed.

Senator Kirby: Honourable senators, thank you for allowing me to complete my remarks.

All too often, the work of this chamber goes unnoticed. It is important to note that many of the preliminary, long-range studies conducted by committees of this place have a significant impact on government legislation. That is certainly the case as it concerns the package of bills which will come before us tomorrow or the day after.

I do not wish to comment on the specific bills. However, there are two issues which I would like to mention. They are touched on in a brief manner in the committee report. They

are issues related to financial institutions, which I think are quite noteworthy.

The first concerns the fact that, tentatively, this package of bills will not be proclaimed until March 31 of next year. It will be proclaimed just in time for the start of the next fiscal year. The timing is important because the extension of bank charters which was granted a year and a half ago expires on April 12.

To get from the current legislation to the date of March 31 will require the passing of a significant number of regulations. As honourable senators will see when we receive the bills, that is so because they involve many sections which deal with regulations.

One thing the committee asked the government was whether or not it would be prepared to submit, in draft form, the major recommendations to the Senate Banking, Trade and Commerce committee. I think it is an indication of the respect which both the industry and the Department of Finance have for the committee that the minister, Mr. Loiselle, agreed that the major regulations will come before the Banking, Trade and Commerce committee in draft form so that we can hold public hearings on them before they are locked in. Again, it is an unusual situation to have the government agree voluntarily to hold hearings on draft regulations so that we can amend them and give the government input on them prior to their being implemented.

The second issue which ought to be noted concerns what happens any time major institutions or industries are changed. Frankly, while all of us, including people in the government, the industry, the other place and here, all have views on what the likely impact of these change will be, the reality is that no one really knows. Once market forces are let out, strange things can happen. Thus, approximately halfway through the five-year period during which the bills are to be in effect, the committee has decided to review the legislation. We will look back at the changes and recommend others midway through the five-year period. This, again, will be done with the full support of the government and the Department of Finance.

Given the massive amount of change that these bills will cause to the financial services sector, there will almost inevitably be some unanticipated changes. I say to senators, in particular those who have just joined the committee, that I suspect they will find those hearings extremely interesting because we will be considering in retrospect the impact of some of the changes which emanated from the reports of this committee in 1986 and 1990.

The third item is one upon which I want to comment briefly because the committee wrestled with it as recently as last week. It involves an extremely tough policy question. Essentially, the issue revolves around the degree of confidentiality that ought to apply when an individual gives information about himself or herself to a deposit-taking institution. To put it in a simple way, how confidential is one's conversation with one's bank manager?

Originally, that was not an issue which the committee considered. When we recommended that there be networking between, for example, insurance companies and deposit-taking institutions, such as banks, we automatically assumed that that meant it would be acceptable for the bank manager to convey information he had obtained as a result of a conversation with a customer to an insurance company for the purposes of attempting to sell insurance. We did not have to deal with the confidentiality issue, the so-called Chinese Wall issue.

Senator Frith: What is the Chinese Wall issue?

Senator Kirby: That is a technical business term for a situation in which there is a company in which one side is not supposed to talk to the other side. That is called a Chinese Wall. It is not a term I made up.

Senator Frith: It is poetic, though.

Senator Kirby: This is not like the debate of last fall in which some of us may have spoken for two hours on what constitutes a Chinese wall.

Given the fact that under this legislation it is not now possible for banks, for example, to network in insurance, an important question is raised. I remind honourable senators that banks can still own insurance companies. The important question that is raised is to what extent information given to a bank can be transferred to the bank's subsidiary. That is an issue which was raised by a number of people who appeared before the committee. It was raised almost in the broader context of to what extent a conversation with a bank manager is privileged. I use a bank manager simply as an example of an official of a deposit-taking institution. To what extent is it akin to a conversation with a doctor, a lawyer or a priest, which conversation, it is understood, will not go beyond the bank manager?

That issue raised a number of questions, some of a technical nature and some of a philosophical nature. In the technical vein, how is the flow of information controlled? In the philosophical vein, what exactly should that relationship be?

Again, the committee unanimously agreed that early in the new year we will hold a series of hearings on those specific questions, not so much with a view to amending the legislation but with a view to understanding what degree of protection consumers ought to have when they go to see an officer or a senior official of a deposit-taking institution. What degree of confidence should that customer have as to where that information will go and how it will be used? Given the nature of that issue and the importance of privacy issues in a variety of areas of public policy, I suspect that the output of such hearings will have a significant impact on government legislation down the road because it is an area of both considerable public interest and, indeed, consumer interest.

Honourable senators, that is really all I want to say about this report. I will make some remarks on the individual bills and on the specific amendments to them when they come before us.

I would again draw the attention of senators to the report. I urge you to note that one of the effective things about this committee is not only the fact that it has for a long time worked in a harmonious way, a way which ultimately led to all

committee reports being unanimous, but that the reports of this committee are taken seriously, not only by industry, in particular the financial services sector, but also by the government. This is evidenced by the fact that virtually every major policy recommendation, with the exception of the two I mentioned on networking insurance and automobile leasing, has been adopted by the government. I think that is a very good sign and comment on the work of this committee of the last six or seven years since it began its hearings back in 1985.

● (1650)

I would hope that the past record of the committee is a very good indication of how seriously the work of the committee will be taken by the industry and the government in the next couple of years, dealing initially with consumer confidentiality and moving on to other issues such as deposit insurance and, ultimately, a review of the current legislation. It will also be interesting to note the impact those hearings, and therefore this place, will ultimately have on public policy in Canada.

The Hon. the Speaker: If no other senator wishes to speak, this order is considered debated.

CANADA PENSION PLAN ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Norman K. Atkins, moved the second reading of Bill C-280, to amend the Canada Pension Plan Act (disability pension).

He said: Honourable senators, I am pleased to have the opportunity to speak to Bill C-280, an act to amend the Canada Pension Plan Act, a private member's bill introduced in the House of Commons by the Honourable Member for Don Valley East, Mr. Alan Redway. The bill, which was unanimously passed by the House, proposes an amendment to the Canada Pension Plan provisions governing the limitation period in qualifying for disability pensions.

Honourable senators may or may not know that there is a long history of problems associated with the current limitation provisions for disability pensions in the Canada Pension Plan. I would like to touch upon some of the key points of these provisions so that both the intent and the implications associated with Bill C-280 are understood by members of this chamber.

Presently, the Canada Pension Plan disability pension states that in order to qualify for such a pension, a disabled person must have made contributions in at least two of the last three calendar years or in five of the last ten calendar years of the applicants contributory period. A contributory period is defined as beginning either in 1966 when the plan was introduced, or when the applicant has reached the age of majority at 18, and ending when the applicant applies for Canada Pension Plan disability assistance. If a disabled person has not made adequate contributions during those years, defined by the plan as necessary to qualify, then that individual is barred from receiving a disability pension, regardless of the fact that they may have made valid contributions for many years. They simply had not made contributions recently enough to qualify.

[Senator Kirby.]

These qualification periods have inflicted hardships on hundreds of Canadians. Specifically, hardships are being felt by individuals who have developed degenerative diseases such as Parkinsons or MS. These types of illnesses do not render an individual incapacitated immediately, but rather gradually lessen the individual's ability to work and, consequently, the individual's ability to make valid contributions to the Canada Pension Plan.

By the time the individual can no longer remain self-supporting, several years may have passed during which the individual may or may not have paid into the plan. As a result, the individual has not continued to contribute recently enough to the Canada Pension Plan and will therefore not be eligible to receive their disability benefits. Once again, it is because they do not meet the requirement of having to make contributions in two of the last three years or five of the last ten years. These requirements have no regard for the fact that the individual may have made valid contributions for several years prior to the onset of their illness which necessitated their gradual withdrawal from the workforce.

Having recognized these injustices, Bill C-280 is remedying them. The amendment put forward in this bill proposes that a disabled person who has paid into the Canada Pension Plan for one third of their contributory period, and where their contributory period is deemed less than 15 years, that person must have paid into the program for five of those years to be able to qualify for a Canada Pension Plan disability pension.

In other words, if an individual applied for disability benefits in 1991 and had not made valid contributions to the plan in five of the last ten years or two of the last three years because they either wished to remain self-supporting or were unaware that they could qualify for any sort of disability pension, they would normally not qualify. This amendment proposes that as long as they have made contributions for at least five years or for one third of their contributory period, they would now qualify. Consequently, the proposed amendment will make available to hundreds of Canadians funds which they rightfully deserve since they faithfully contributed to the Canada Pension Plan for several years.

Honourable senators, I would hope that this house would give its support to Bill C-280, a bill amending the Canada Pension Plan to provide for the inclusion of the new category of disabled Canadians, those with long-term degenerative diseases who were unaware that their disability pension existed but, because of their unfortunate circumstances, need the benefit to help them survive.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I think this is a good bill. I have had a chance to put together some notes on it. I thank Senator Atkins for expanding on the reasons to support this bill. I do want to adjourn the debate, however, because I am wondering about the fact that it has no Royal Recommendation attached. I hope that research will prove that it does not need it, because I like the bill. It has,

of course, passed the other place and has been found, I take it, by the Speaker in the other place to be regular. However, that same Speaker has been known to comment on the regularity of proceedings in this place and, therefore, I am sure will be open-hearted and sympathetic to the fact that we might want to have a look at that question here.

Senator Atkins: Honourable senators, I understand exactly what the honourable senator is saying. The idea now is that—

Senator Molgat: This is a reply to a question?

Senator Atkins: Yes. We would propose that it be referred to the Social Affairs committee and that it would not be dealt with until February, which would allow the ministry to negotiate and discuss the intent and implications of the bill with the individual provinces. At that time, the committee would call witnesses from the department, and perhaps from the provinces, to appear to discuss the financial implications of the legislation.

Senator Frith: I think that is a very good plan indeed, if I understand it properly; namely, that we will take the time to perhaps attract government support for the bill, at which time it would have the Royal Recommendation. If there is a question of order I am, of course, required to raise it at the earliest possible moment, which is now. So that is why I am not proceeding and I simply ask to adjourn the debate until we have a chance to look at that matter. In doing so, I will keep in mind the schedule that Senator Atkins has in mind, because I think it is a good idea to proceed with the bill on that basis.

In the meantime, I want to look at this procedural question. Therefore, I ask to adjourn the debate that I may have an opportunity to do so.

• (1700)

Hon. John B. Stewart: Honourable senators, I wonder if Senator Frith might be raising a problem that does not come to us. As I understand the constitutional prohibition, it is a prohibition against the House of Commons, not against the Senate. If the House of Commons has acted incorrectly, that is not our problem. But perhaps that is another aspect of the matter that might be considered during the Christmas recess.

Senator Frith: That is why I said that, of course, it had been found regular in the other place.

Senator Stewart: Exactly.

Senator Frith: That would normally mean that I would not raise it, but I did mention that it has become—although I hope not—a fashion. It should not become a fashion for the Houses to comment upon the regularity of proceedings in the other place, but I did not want to let it pass because it has happened with the present Speaker, which is why I wanted to have a look at it.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): It happened that Senator Marshall recently made a proposal here which I thought had a lot of merit, but which was refused because it did not have a Royal Recommendation.

Senator Atkins: Honourable senators, I do not know if the moneys come out of general revenues or whether they come out of the fund. That may be a distinction.

Senator Frith: I agree. That is exactly the question we have to look at. I do not want to imply that I know the answers to the questions I have raised, because I do not. The answers may be the ones just suggested by Senator Atkins, in which case there would not be a problem. All I ask is a chance to look at the matter.

On motion of Senator Frith, debate adjourned.

VIOLENCE AGAINST WOMEN IN CANADIAN SOCIETY

ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith, calling the attention of the Senate to the violence against women in Canadian society and the desirability of investigation of the subject by a Senate Committee.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I only want to say one thing about this matter. I see that this inquiry has "(two)" beside it. We know what that means. If one looks at rule 28(3),

> Unless previously ordered, any item under "Other Business", "Inquiries" and "Motions" that has not been proceeded with during fifteen sittings shall be dropped from the *Order Paper*

Consequently, the number appearing in parentheses indicates the number of sittings since the item was last proceeded with. The next-to-last time that this matter came up, there was a "fourteen" or a "fifteen" beside it, which is why I rose and spoke on it, to save it from being guillotined under rule 28(3). Therefore, rule 28(3) should no longer apply to that inquiry because it says an inquiry "that has not been proceeded with during fifteen sittings shall be dropped". That inquiry was proceeded with during 15 sittings, namely just within the 15th sitting. Therefore rule 28(3) does not apply to it and the "two" ought to be expunged, because it now has received a life beyond rule 28(3). I will leave that for consideration by the Table.

Order stands.

NORTH ATLANTIC ASSEMBLY

ANNUAL MEETING HELD IN MADRID FROM OCTOBER 17 TO 22, 1991

Hon. Duff Roblin rose pursuant to notice of November 27, 1991:

> That he will call the attention of the Senate to the Annual Meeting of the North Atlantic Assembly held in Madrid, October 17-22, 1991.

He said: I am conscious of the fact that my time is limited. Perhaps it is better for me to proceed now, even though it may postpone the meeting of the Standing Committee on Foreign Affairs for 15 minutes. I trust that the committee chairman will forgive me.

I have to say that my remarks with respect to the meeting of the North Atlantic Assembly in Madrid six weeks ago are necessarily superficial and somewhat abbreviated. The time element certainly indicates that I will have to be guided accordingly.

It is extraordinary to think how the events of the last seven weeks have put most of what was talked about it Madrid seven weeks ago into the shade, because the trend of events is moving so fast that we can hardly keep up. However, at that meeting NATO was, as I guess it is now, in an unsettled state. It was vaguely sure that it had an essential role to perform in maintaining peace and security in the world, but a little unsure of how it would do that and who would do that.

It is clear that NATO has the problem of reconciling its own sphere of activities with what goes on in the Conference on Security and Cooperation in Europe, the Western European Union, the French-German private army which is now being arranged, to say nothing of the European Community on problems involved with out-of-area activities, such as the Gulf War. Of course, recent events in Yugoslavia and the obvious disintegration of the Soviet Union underline the rationale for NATO which was advanced by its Secretary-General Warner at our meeting. I think he pointed out, with some reason, that the countries of NATO were unique in having shared values in a way which could not be said to be equalled by the Conference on Security and Cooperation in Europe; that only NATO has developed an effective military cooperation among these nations, the product of decades of activity, and is indeed a fixed star among the shifting European world. NATO is stability amidst instability.

I think the events in the U.S.S.R., particularly the extraordinary declaration of independence by the Republic of Ukraine, underlies that particular aspect of NATO's role. It is perfectly true, as has been said in this house earlier today, that NATO has to be concerned about what happens to nuclear weapons that ar now in the territory of the newly independent Republic of Ukraine. NATO has to be concerned about whether this new government and, indeed, whatever successor states there are in the U.S.S.R., will be able to carry out the agreement on conventional forces disarmament which was reached at the end of this summer.

What is to be said about an army of some 450,000 men and women that is proposed for the Ukraine, and the one-and-a-quarter-million troops of the old Soviet army that are stationed in their territory? There are the dangers of autocracy that are so attractive to a state in the transition in which Ukraine finds itself.

I am confident that there are sensible answers to all of those problems, and I have every good hope that those answers will be forthcoming in the not-too-distant future, and that we will find that we are able to accommodate ourselves to what takes place there. However, NATO is bound to take an interest in those developments, and that was certainly part of the message that was conveyed in Madrid.

The North Atlantic Treaty Organization operates through a system of committees. There is a committee on defence and security, one on civilian affairs, a political committee, a scientific and technical committee. You will judge from their names that many of the urgent issues of NATO are being discussed in those committee meetings. Other members of our delegation were represented at those committee meetings. I myself was asked to take part in the affairs of the economics committee. Although these are important mattters, they certainly lack the glamour of the political and military aspects of NATO's future. I will say something about them because, although my report cannot be complete due to the circumstances of the moment, there are some interesting observations that were gleaned from what we were told in those meetings.

• (1710)

There were two reports offered, one about the U.S.S.R. and the post-perestroika situation in that nation and the situation of its republics, and another that had mainly to do with the situation in Poland. I will refer to both of those matters.

As far as the report on the U.S.S.R. is concerned, it merely confirmed what we had already feared with respect to the disintegration of that country, which is now, of course, underlined by the happenings in Ukraine the other day. The finger was pointed at the political and economic chaos which exists in that country today. It was shown how that made the countries of the west almost prisoners of the domestic developments of the U.S.S.R, developments in which we had little or no influence but which were extremely important when we decide how we are to approach the new states there and how we can help them in their dilemma. Only the U.S.S.R., if it continues to exist, and certain of its republics, which will continue to exist, can formulate the future for that enormous area of the world. Until they do so effectively, the role of the west is basically limited. It is hard to see how we could go very much beyond what I term a life-support system with respect to problems in that country.

For example, the question of how to handle their international debt, which we thought was settled when the Group of Seven made an arrangement with the U.S.S.R. about the servicing of that debt and the postponement of some of its obligations, was all very well until the four most important republics decided that the U.S.S.R. had no mandate to negotiate for them, and that they would not accept the arrangement that the U.S.S.R. had made. That now places the whole of that matter in limbo. Nothing can be done by the Group of Seven or the West until the people on the other side of the table decide how they want to regulate their system and to rearrange their lives.

But if the situation arises where food, medical supplies and basics of that sort are urgently needed, and that may well be the case before long, I hope that we will be able to resolve to do our part to relieve some of that quickly and reliably and, if

necessary, for nothing. It is certainly not in our interest to allow such a situation to deteriorate in a way that is certainly possible.

With respect to some of the countries of Central Europe, in particular Poland, we received a report that that country is struggling manfully against the problems of time and inertia in the system, a subject with which we are all probably well acquainted. My own view is that one of the things that Canada might do is to write off the debt. The people of Poland owe us a lot of money which they spent to buy wheat to feed themselves quite sometime ago. It has been a problem for them to repay it. My opinion is that we should not expect them to do so. The best way to help them in the short run in that matter is to write off that approximately $3 billion-worth of debt. That would be a help to them.

Recent elections in Poland are a warning that the western democratic mores perhaps have very shallow roots in Poland. They need to be nurtured, fostered and encouraged. The multiplicity of parties in that country with really no one responsible at the present time except, let us hope, the president, brings Poland face to face with what are certainly savage economic conditions. I was surprised to hear our rapporteur at the meeting say that a return to pre-1939 authoritarianism should not be ruled out on the grounds that the situation might become so bad that some move of that sort might indeed threaten. I hope and believe that that is not a likely possibility, but it indicates the pressure on the ordinary people of Poland to keep body and soul together under present circumstances.

The World Bank spokesman who is in charge of their activities in Poland made the statement, which I found interesting, that as much money as could be digested had been pledged by Europe and the rest of the world to Poland in order to help them with the reform of their economy. I hope that is the case. It sounded a little optimistic.

Some 20 to 30 per cent of economic activity in Poland is, however, market based. It is an enterprise economy to that extent. Their problem, of course, is to be found in the dinosaurs, the enormous state institutions which are unprivatized, inefficient and sheltering workers from the real world. Of course that is an unresolved threat to progress in that country.

The plea was made, which I heartily supported, that the European Community could help Poland greatly if it would open its markets to Polish goods. Agricultural products in particular, textiles and steel, things that the Poles can make and do make well at reasonable prices, are not as freely exported into the European Community as they might be. There have been some recent improvements in that matter but it is still far from satisfactory. Self-help is indeed the best help, and if Poland could be encouraged to trade with the Economic Community in particular, it would certainly be very helpful.

One of the panel of experts that appeared before us made some comments about the U.S.S.R. that struck me as extraordinary. He was referring to the wastage, the loss, between the point where food is produced and the point where it is consumed. These figures are mind-boggling. One-third of the milk is lost in transit between the producer and the market. Half of the meat never reaches the stores in the U.S.S.R. In the case of grain, it is one-third. In the case of potatoes, it is one-third. It is obvious that this is a rich economy which is capable of an enormous agricultural effort and production which is not functioning efficiently because bottlenecks in transportation and distribution stand in the way. Those give some indication of the tremendous problem that confronts governments in that part of the world in getting back to an economic and efficient way of doing business.

The opinion of some of the wise men that we listened to was that we have entirely underestimated the difficulties of moving to a market economy. They do not expect recovery in that part of the world will start until 1993, and expect that it will take to the year 2000 to get back to the 1989 level. That is a terrible indictment of the situation and indicates that we have to be much more conscious of the problem and much more willing to do something about it to help than we have indicated so far.

The costs of economic transition are far higher than expected and of course the situation in East Germany, where they have the best of all possible help, I should think, underlies the difficulties of that situation.

One interesting side note was an observation by one of our experts that Austria had reinstalled the barriers on the Hungarian border. You may remember that these were taken down a little while ago and, as a result of removing those barriers, the whole of the eastern system collapsed including the Berlin Wall. Why are they going up again? The fear of people in Europe that there will be such a migration of economic refugees from eastern Europe to western Europe justifies, they feel, this kind of move. I find it a most disheartening event to have taken place, a new wall separating the rich from the poor, something we could very well do without.

● (1720)

Eastern Europe, it was opined, has embarked on the path of poor capitalism and imperfect democracy and is liable to wind up nearer to Latin America than to Western Europe. One has to hope that these observations, made by well-informed people, are too severe, that we will do better than that. However, there is certainly a need to recognize the economic problems confronting those nations.

At the close of the economic committee's meeting, there was a brief colloquy on GATT. As you can imagine, the Canadian delegation had its view with respect to the success of GATT. It is our view, and I think the view of the committee, that the success of GATT is vital to the future of NATO itself, because economic disharmony and economic disagreement will thwart NATO's unity of purpose and disrupt the values that nations share across the Atlantic. The current disputes are disputes that can do no good for the future of NATO, to say nothing of the rest of the world.

The fact that there are many unadjudicated, rule-breaking actions by various countries with respect to GATT is already cutting away at the structure of goodwill and of shared values

between our countries. The failure of GATT would lend emphasis to the division of the world into large trading blocs.

Most members of the committee felt that the GATT problem was vital to NATO, and that a solution was essential. Perhaps their hopes will be justified as events take their course, although not without some unpleasant surprises for the people of this country.

Honourable senators, this annual meeting of NATO focused largely on the new role of that body and how it is to interact and cooperate with the international organizations that are now beginning to take form and are being considered or reconsidered as the world changes. The activities of the economic committee, while interesting to me, were probably not the most important things to happen. The important things were the questions of politics of NATO and the military activities of NATO. Those questions are still not completely resolved, although progress has been made towards resolving them.

Underlying these questions, though it is a rather pedestrian topic, is the question of economic viability. Unless we get a better economic performance out of the countries of Eastern Europe, our problems will be magnified rather than diminished. It may well be that in this country we should consider with a more liberal and magnanimous approach the question as to what we can do to help. Where we can offer assistance is in the realm of trade and personal interaction between the people of those countries and the people of this country.

That is my view of the Nato meeting. I express my appreciation at being able to represent this house at that gathering.

Hon. Senators: Hear, hear!

The Hon. the Acting Speaker (Senator Nurgitz): If no other senator wishes to speak, this inquiry is considered debated.

[*Translation*]

DEMOCRACY

2,500TH ANNIVERSARY OF ESTABLISHMENT OF DEMOCRACY IN ANCIENT ATHENS

Hon. Guy Charbonneau rose pursuant to notice of November 27, 1991:

> That he will call the attention of the Senate to his attendance at the celebration marking the 2,500th anniversary of the establishment of democracy in ancient Athens.

Honourable senators, from September 26 to September 29, 1991, my wife and I had the privilege of representing the Parliament of Canada at the celebrations organized to mark the 2,500th anniversary of the establishment of democracy in Ancient Athens. We were invited by the Speaker of the Greek National Assembly, Mr. Athanasios Tsaldaris.

The celebrations commemorated more specifically the complete reform of the constitution of the city-state of Athens in 506 B.C. by Clisthenes, a remarkable Athenian statesman. After the moderate reforms of Solon at the beginning of the sixth century, Clisthenes' reforms embodied the philosophic principles of democracy, expressing the Greeks' love of liberty.

The people's Assembly, which brought all citizens of Attica to Athens, exercised sovereign legislative powers. The magistrates were accountable to the Assembly or to the tribunals of the Assembly which took care of judicial matters.

All citizens could and were indeed obliged to take a direct part in government. The equality of all citizens before the law was guaranteed, and freedom of expression and the right to criticize freely those in power was a safeguard that protected the political rights of citizens and limited the potential for abuse of power.

[*English*]

These events were, of course, of prime importance for the history not only of Greece but of Western civilization. The new unity, purpose and confidence which the reforms inspired in Greece, and in Athens particularly, affected the outcome of the Persian wars and formed a springboard for the golden age of classical Greece of the fifth century—a legacy of immeasurable value.

Throughout the succeeding centuries, people have felt the legacy of Greece. Since its emergence in Athens and the other city-states, the foundation of democracy has remained popular sovereignty, and this system of government, irreplaceable in that we have found nothing to excel it as the guardian of human dignity and civil liberties, has eventually triumphed. We see this in our own day when a new dawn of democracy is breaking. We see that the same deep instincts and love of freedom which inspired the people of Athens to find the best system for governing their city, instincts long suppressed in the countries of Eastern Europe, for example, are springing up with new vigour.

It was then a great privilege and pleasure to be invited to join in paying homage to 2,500 years of democracy in the company of the political, ecclesiastical and cultural leaders, and the people of our host country and city as well as a distinguished gathering of international dignitaries. Guests included presidents of legislative chambers of the countries subscribing to the Helsinki Agreements, of the European Parliament, of the Parliamentary Assembly of the Conseil de l'Europe, the European Community, as well as representatives of the interparliamentary union.

In addition, a considerable number of distinguished scholars from across the globe had been invited to attend a three-day philosophical symposium held at the University of Athens on the theme "Democracy in Classical Greece and Its Message to Contemporary Societies," an event which was very much at the heart of the celebrations and the closing sessions of which were attended by the visiting parliamentarians.

[*Translation*]

The highlight of the celebrations was the commemorative ceremony organized by the Greek National Assembly on the Pnyx, where the Assembly of the People of Athens met in ancient times. The ceremony, held on September 27, started when the rays of the setting sun illuminated the Parthenon which dominates the city and continued into the night, when the Acropolis was lighted on all sides by projectors. To be in

such a magnificent setting, on the very spot where Pericles, Demosthenes and other historic figures spoke to the people, added incredible dimension to the solemnity and inspiration of the moment.

The ceremony was opened by the President of the Republic of Greece, His Excellency Constantine Caramanlis, who then gave a welcoming speech. After that, the Speaker of the National Assembly, His Excellency Mr. Tsaldaris, addressed us. They reviewed the development of democracy over 2,500 years and commented on the role of legislators as a new millennium approaches. I am convinced that these two instructive speeches will interest honorable senators and I have made arrangements to provide them with copies.

[*English*]

Following these addresses, the ceremony was concluded with a presentation of excerpts of works by Greek classical dramatists and writers and from ancient and modern texts on democracy ranging from the Magna Carta to the present date. These excerpts were interspersed with music played by the Greek Radio Symphony Orchestra and Choir.

(1730)

Incidentally, senators who happen to visit the Pnyx will notice a new stele near the podium, identical to one which stood there in ancient times, inscribed on which is the law of the protection of democracy promulgated by the Ecclesia of the Demos in 337 B.C. This new stele was unveiled at the end of the ceremony.

[*Translation*]

As part of the activities organized for the occasion throughout Greece, the local universities of Thessalonica, Ioannina, Heraklion in Crete and Cos arranged historical tours and visits to their regions' political institutions. When we arrived in Heraklion, our group was warmly welcomed by the mayor and Chamber of Commerce. We then spent several hours visiting the Palace of Cnossos and the remarkable archeological museum. We were thus able to get a glimpse of modern Crete and of Minoan civilization. On the last day of our visit, participants cruised the Aegean Sea, thanks to the president of Epirotiki Shipping of Piraeus.

The celebrations were prepared by an organizing committee chaired by Professor Marios Raphael, President of the Greek National Tourism Office. The whole program was carefully planned and executed and of course we were warmly and enthusiastically received by the Greeks on every occasion. We should congratulate all those who looked after the program of commemorative celebrations that were in keeping with the occasion.

[*English*]

I have spoken of "an event" but, as President Tsaldaris pointed out in his address of September 27, the main significance of Cleisthenes' reforms was that they "freed man's spirit".

That freedom of spirit is the basis of democracy and of the democratic institutions for which humanity owes much to the Athenians of 2,500 years ago. What more natural then than that we should join in spirit with the people and Parliament of Greece as they commemorate this anniversary with all the dignity and solemnity it deserves. I thank you, honourable senators.

The Hon. The Acting Speaker (Senator Nurgitz): If no other senator wishes to speak, this inquiry is considered debated.

PRIVILEGES, STANDING RULES, AND ORDERS

NOTICE OF MOTION TO SUSPEND RULE—SPEAKER'S RULING DEFERRED

On Motion No.7:

> That pursuant to rule 3 which supports practice, and based on rule 2 for the maintenance of privilege, as it is a matter of universal privilege, and of profound constitutional significance, therefore the Senate's vote upon order No. 2 under Other Business, being a resolution to rescind the adoption of the present rules as resolved on June 18, 1991 with less than two-thirds majority at that time, in contravention of then-rule 47(2), will be resolved in the affirmative, though without thereby setting a precedent of general practice, if a simple majority of voting Senators assent.

The Hon. the Speaker: Senator Haidasz has agreed to my postponing until tomorrow the ruling on his motion.

DEMOCRACY

2,500TH ANNIVERSARY OF ESTABLISHMENT OF DEMOCRACY IN ANCIENT ATHENS—MOTION TO CONVEY CONGRATULATIONS CONCURRED IN

Hon. Efstathios William Barootes, pursuant to notice of Wednesday, November 27, 1991, moved:

> That the Senate convey its congratulations to the Parliament, Government and people of Greece, and the Municipal Government and people of Athens, on the occasion of the 2,500th Anniversary of the establishment of democracy in the City of Athens; and
>
> That the Honourable the Speaker convey the text of this motion to the President of the Hellenic National Assembly.

He said: Honourable senators, I regard it as an honour to twin with Senator Gigantès in introducing this motion to the Senate. I can think of no better way of expressing this HONOUR than to use the words of the President of the Greek Republic, Mr. Konstantinos Karamanlis, as he spoke at the meeting which you attended, Mr. Speaker. These are some of the words he used.

> The idea of Democracy had, of course, been conceived by the philosophers as an expression of the Greek passion for freedom. After the transitional experiment of Solon, it was Cleisthenes who actually put democracy into practice 2,500 years ago. He established it on firm foundations with bold statutory, political and social reforms, which

were to make possible the Greek victories at Marathon, Salamis and Plataea during the Persian Wars. These victories were, in turn, to lead to the Golden Age and the cultural miracle of classical Greece, which became the foundation of European civilization.

He further states:

Freedom and Democracy have an almost identical meaning. For man, freedom constitutes an ideal way of life.

He further states:

Democracy, which according to Rousseau was suitable only for the gods, has, of course its weaknesses. These weaknesses spring, however, from its virtues, first and foremost from freedom, the abuse of which in any form leads to the degeneration of Democracy. This danger was succinctly pointed out by Aristotle, when he said "Freedom is not simply doing as one likes".

In these critical days when we as Canadians are reviewing our constitutional democracy, it is prudent to remind ourselves of these words of Aristotle and of the Grecian heritage.

This anniversary, senators, is a celebration for all countries and for all people who have a love and a thirst for democracy and freedom, and for all those people who thirst and strive for that ideal. It was this thirst, I remind you, that broke down prison walls and destroyed cement barricades in other countries to free oppressed people all over this world.

Therefore, honourable senators, I take great pleasure and I hope I speak for everyone in this chamber, when I move that the Senate of Canada convey its congratulations to the Parliament, Government and people of Greece and the Municipal Government and people of Athens on the occasion of the 2,500th anniversary of the establishment of democracy in the city of Athens, and that the Honourable Speaker convey the text of this motion to the President of the Hellenic National Assembly.

Hon. Philippe Deane Gigantès: Honourable senators, of course I support the motion; however, as a classical scholar, I am forced to correct mistakes. Let us not forget that the Greek government aspired to hosting the Olympic Games next year. The year in ancient Greece began July 1 and ended June 30, so the year 509-508 B.C. was neatly 2,500 hundred years before the Olympic Games and could therefore be used as a basis for doing that. So we have the President of Greece, a man I much esteem, saying that what Solon did was transitional. Solon, in 594 B.C., in other words 86 years before Cleisthenes, made the fundamental change, and the fundamental change was that he answered the question, "By what right does anybody rule?" The democratic answer is, "By the consent of the Government."

It was Solon who first established the assembly of all the citizens as the bar base of Athens. Until then, Athens had been ruled by various heads of families, all claiming descent from some god. You will no doubt remember that Jupiter could hardly control his sexual drive and he used to appear here and there in Greece as a swan or as a bull and got lots of girls pregnant. The decendents of all these pregnant girls claimed to be demi-gods, and they claimed the divine right to rule.

• (1740)

However, Solon said no, the right to rule is the consent of the governed, and that is expressed by the individual vote. One person, one vote, regardless of how rich or how poor they are. He established a chamber of 400 representatives to act in the absence of the people who met for general elections. He also established a Senate like ours, which was described even in ancient Greece as a chamber of has-beens, hack-men, et cetera. It had democratic function astonishingly like ours.

Then, of course, the rich got together and decided it was not very good unless they had financial control of various areas of the country. They overthrew the democracy. With the help of his grandfather, Cleisthenes overthrew it. Then Cleisthenes found himself losing in a battle for election as the chief archon of Athens. He re-enfranchised the people and he re-established the democracy of Solon in order to be the ruler.

His reform, if you look at it, essentially was gerrymandering. He broke—

Senator Molgat: Even then.

Senator Gigantès: Yes, even then. He broke into pieces the electoral districts which gave the power to his rivals and dispersed the pieces. There were electoral districts in Athens that had noncontiguous pieces after Cleisthenes. If there was a chunk that was prepared to vote for his opponent, that chunk got stuck theoretically onto several other chunks that would vote for him in order to drown the vote for his opponent.

That is what we are celebrating, the 2,500th anniversary of gerrymandering, not the establishment of democracy. That was done by Solon.

But why quibble? Eighty-six years in 2,586 years is not very much. I wanted to mention this man who really performed the fundamental democratic reform, which is to say now, the consent of the governed. That is the only legitimate source of power.

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

Hon. Senators: Agreed.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Finlay MacDonald, pursuant to notice of November 28, 1991, moved:

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

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 4, 1991

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

Prayers.

[*Translation*]

THE ESTIMATES, 1991-1992

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED

WEDNESDAY, December 4, 1991

The Standing Senate Committee on National Finance has the honour to present its

FOURTH REPORT

Your Committee, to which Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1992, were referred, in obedience to the Order of Reference of Wednesday, November 27, 1991, submits its report as follows:

Your Committee met on Wednesday, November 27, 1991 to review these supplementary estimates. Officials of the Program Branch of Treasury Board Secretariat were present as witnesses.

Supplementary Estimates (B), 1991-92 are the second supplementary estimates for the 1991-92 fiscal year. They amount to $2.276 billion, consisting of $872 million in statutory expenditures and $1.404 billion to be voted by Parliament, and raise the total estimates tabled to date for 1991-92 to $160.607 billion. Statutory expenditures account for 69.4 per cent of the latter total and appropriations for the remaining 30.6 per cent.

The budgetary portion of these supplementary estimates is $2.136 billion and raises total budgetary estimates to $160.092 billion. This exceeds by $1 billion the government's fiscal framework for budgetary expenditures of $159.0 billion that was described in Part I of the 1991-92 Main Estimates.

However, a number of offsetting items have been identified, as follows:

> $400 million of the recently announced $800 million assistance program for farmers appears under the Department of Agriculture in these supplementary estimates ($39 million in the Agri-Food Program and $361 million in the Grains and Oilseeds Program). As indicated in footnotes on pages 19 and 21, this amount is being offset by a reduction of $400 million in the 1991-92 spending authority of the Department of National Defence;
>
> three items constitute changes in the estimated value of the government's financial assets and liabilities and have already been recorded as budgetary expenditures in the Public Accounts of prior years: $100 million in payments to the Farm Credit Corporation to convert debt to equity (page 23); under the Department of Finance (page 40), a $263 million contribution to countries benefiting from multilateral debt reduction initiatives—in other words, a partial writedown of uncollectible debts—that has the effect of reducing the value of the foreign debt owed to Canada; and under Transport Canada (page 70), $58 million for acquisition of shares in Ridley Terminals Inc. by the Canada Ports Corporation; these items cause a total reduction in budgetary spending of $421 million; and
>
> anticipated lapses in 1991-92 authorized spending of $1.900 billion.

These offsetting items are projected to reduce total estimated budgetary expenditures in 1991-92 so far to $157.371 billion, leaving $1.629 billion in reserves for other revaluations of financial assets and liabilities and for funding a final set of supplementary estimates at the end of the current fiscal year.

As usual, the Treasury Board Contingencies Vote (Vote 5) was used to provide temporary funding for many of the items to be voted in these supplementary estimates prior to the approval of the expenditures by Parliament. Treasury Board officials supplied a list of the uses of this vote by department and program, showing total advances $336.4 million or 24 per cent of the amounts to be appropriated in Supplementary Estimates (B). The list is appended to this report, along with the tables normally supplied by Treasury Board: Summary of Expenditures Framework and Estimates Tabled to Date; Supply to Date for 1991-92; List of One Dollar Votes and Additional Explanation; and Summary of Items $5 million or Greater by Vote.

Passage of the appropriation bill will have the effect of replenishing Treasury Board Vote 5 by the $336.4 million spent, thus restoring it to the $400 million level that was approved in 1991-92 Main Estimates. According to Treasury Board officials, this level, in turn, represents roughly 1 per cent of total voted appropriation in the Main Estimates.

The purpose of Vote 5, as described in the Main Estimates, is to provide

> funding for increased salary costs arising and of negotiated and non-negotiated agreements and other

paylist requirements not included in departmental Estimates and for expenditures of a miscellaneous character which cannot be foreseen when the Estimates are drawn up.[1]

However, your Committee is concerned about the increasing use that is apparently being made of this vote to fund expenditures, particularly those unrelated to paylist requirements, that have not yet been approved by Parliament. At a later date in the fiscal year, we may undertake a study to determine if the uses of the vote have changed over the years and report on fundings to this House.

$1.168 billion, or just over half of these supplementary estimates, is being requested for the activities of Agriculture Canada. These expenditures increase the estimates of the department from $2.316 billion following the approval of Supplementary Estimates (A) to $3.484 billion, an increase of 50.4 per cent. $745 million, or 64 per cent, of the proposed expenditures are statutory and consist largely of payments under the new Farm Income Protection Act for crop insurance, the Gross Revenue Insurance Program (GRIP) and the Net Income Stabilization Account (NISA). GRIP and NISA were explained in some detail in the Committee's report on Supplementary Estimates (A), 1991-92,[2] which observed that some 76 per cent of total farm income in 1991 was expected to consist of payments from various government programs. Your Committee expressed concern in its earlier report about the increasingly heavy dependence of the agricultural sector on government support.

When reviewing these supplementary estimates, Committee members questioned the notion of a $400 million reduction in the authorized expenditures of the Department of National Defence being used to offset the $400 million appropriation in the estimates of the Department of Agriculture to provide special assistance to Canadian farmers. They noted as well that, according to the Minister of Finance, the remaining $400 million of this $800 million program is to be requested in the estimates for 1992-93. That appropriation, in turn, will be offset by several tax measures, including accelerated payment of taxes owing to the Department of National Revenue and payment of a percentage of taxes in dispute. Members were advised by officials of Treasury Board that these tax measures would not have been implemented had the assistance for farmers not been required. They were deemed necessary in order to keep projected expenditures within the fiscal framework. Members expressed concern at the apparent precedent of funding an entire program out of lapses, which are not required for national defence purposes and accelerated tax collections that would have likely been justified even if the special farm assistance program had not been implemented.

A number of responses to questions are to be provided by Treasury Board Secretariat at a later date.

Respectfully submitted,

FERNAND-E. LEBLANC
The Chairman

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

On motion of Senator Leblanc (Saurel), report placed on the Order of the Day for consideration at the next sitting of the Senate.

[*English*]

FOREIGN MISSIONS AND INTERNATIONAL ORGANIZATION BILL

REPORT OF COMMITTEE PRESENTED

Hon. John Stewart, Chairman of the Senate Committee on Foreign Affairs, presented the following report:

Wednesday, December 4, 1991

The Standing Senate Committee on Foreign Affairs has the honour to present its

THIRD REPORT

Your Committee to which was referred the Bill C-27, An Act respecting the privileges and immunities of foreign missions and international organizations, has, in obedience to the Order of Reference of Tuesday, October 22, 1991, examined the said Bill and has agreed to report the same without amendment.

Respectfully submitted,

JOHN B. STEWART
Chairman

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

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

PRIVATE BILL

METROPOLITAN GENERAL INSURANCE COMPANY—BILL TO AMEND ACT OF INCORPORATION—REPORT OF COMMITTEE PRESENTED

Hon. Richard J. Stanbury, for Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, December 4, 1991

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FOURTH REPORT

Your Committee, to which was referred the Bill S-6, An Act to amend the Act of incorporation of the Metropolitan General Insurance Company in order to author-

ize its continuance under the laws of the Province of Quebec, has, in obedience to the Order of Reference of Tuesday, November 26, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

The Hon. the Speaker: When shall this bill be read the third time?

On motion of Senator Sylvain, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

MEMBERS OF THE SENATE AND HOUSE OF COMMONS CONFLICT OF INTEREST BILL

NOTICE OF MOTION TO APPOINT SPECIAL JOINT COMMITTEE OF THE SENATE AND HOUSE OF COMMONS TO STUDY SUBJECT MATTER OF BILL C-43

Hon. Lowell Murray (Leader of the Government): Honourable senators, I give notice that on Monday next, December 9, 1991, I will move:

THAT the Senate do unite with the House of Commons in the appointment of a Special Joint Committee of the Senate and the House of Commons empowered to undertake a comprehensive review of the subject-matter of Bill C-43, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of Members of the Senate and of the House of Commons, to establish a Conflict of Interests Commission and to make consequential amendments to other Acts;

That the Committee may, in fulfilling its mandate, review the conflict of interest approaches used in other jurisdictions and any other matter related thereto;

That the said Special Joint Committee be composed of 14 Members of the House of Commons and 7 Members of the Senate;

That the Members to act for the Senate on the Special Joint Committee be the Honourable Senators Balfour, DeBané, Grimard, Kelleher, Oliver, Olson and Stanbury;

That the said Special Joint Committee have all powers of a Standing Committee of the House of Commons pursuant to Standing Orders 108(l), 120, 121, and Rule 91 of the Rules of the Senate;

That the Special Joint Committee have power to sit during sittings of the Senate;

That the Special Joint Committee be empowered to appoint, from among its members, such sub-committees as may be deemed advisable, and to delegate to such sub-committees all or any of its powers, except the power to report to the Senate;

That the Special Joint Committee be permitted to request adequate support from the government for drafting its final report in the form of a bill or report Bill C-43 with or without amendments or in the form of principles that could be embodied in the legislation; and

That a Message be sent to the House of Commons to acquaint that House accordingly and to request that the Commons concur in the amendment made by the Senate increasing the membership to 7 Members of the Senate.

Honourable senators, with the indulgence of the House, I would make a very brief statement of explanation about this notice of motion.

Honourable senators will be aware that there had been discussions for some time concerning the appointment of a joint committee of this place and the other place to study conflict of interest matters. Negotiations among the parties in the other place came to a head a week ago Friday on November 26. I was kept informed by the negotiators for the government, as I presume my friends opposite were kept informed by their counterparts in the Liberal Party in the House of Commons.

During those discussions, I indicated agreement on behalf of my colleagues on this side as to the mandate that this joint committee might have. I had further indicated our agreement that an opposition senator should act as co-chairman, assuming a supporter of the government from the other place was chairman. I had also indicated agreement with the proportion of House of Commons members to senators, which was in the usual proportion of two to one. Imagine my dismay when the message arrived over here on November 28, a week ago Tuesday, indicating that the House of Commons had passed a motion creating a joint committee which would have had 5 senators and 14 members of the House of Commons.

● (1410)

It appears that what had happened is that, in order to accommodate the members of one of the third parties in the other place, additional members of the House of Commons had been put on the committee, with the result that we were left with a ratio of something more like three to one than the more normal two to one.

Since receiving the message here, I have had discussions with colleagues on this side. I believe my friends opposite have been notified. I have also had consultations with cabinet colleagues in the other place. The result is that I have presented today a notice of motion which is identical in all respects to the message that came from the House of Commons on November 29, except that we have provided for seven senators and 14 members of the House of Commons.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we have indeed been kept informed on the proceedings in this regard. We have submitted our three names from this side in accordance with the discussions we have had.

I simply want to repeat what I said here last week. I think we should be heading towards the point where any joint committees should be made up of equal numbers from both houses on the basis that the two houses are independent houses. Both were established by the Constitution, and are

independent, separate, distinct houses. When dealing with joint committees, they should be doing so on the basis of that independence, and not on the basis of numbers in each house.

Having said that, we are prepared to proceed.

FOREIGN AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY MATTERS RELATED TO NATIONAL SECURITY AND DEFENCE AND TO INCREASE MEMBERSHIP OF COMMITTEE

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

> THAT the Standing Senate Committee on Foreign Affairs be authorized to hear evidence and to examine and report on matters relating to national security and defence and the future roles of Canada's armed forces;
>
> THAT the membership of the Senate Committee on Foreign Affairs be increased to twenty (20) members and that Rule 87(1)(*h*) be suspended in relation thereto; and
>
> THAT the Committee present its report no later than March 31, 1993.

WEST INDIAN COMMISSION—NOTICE OF MEETING WITH REPRESENTATIVES

Hon. John B. Stewart: Honourable senators, with the indulgence of the Senate, may I bring to the attention of all honourable senators an activity of the committee in which they may be interested.

We have been informed that the West Indian Commission is to have representatives in Ottawa tomorrow. The independent West Indian Commission was established in 1989 by heads of government of English-speaking Caribbean countries to advise them on how best the region can prepare for the challenges and opportunities of the 21st century.

I am told that among those coming to Canada in relation to the work of the independent West Indian Commission, there will be Sir Shridath Ramphal, Chancellor of the University of the West Indies, and Chancellor of the University of Guyana, former Secretary General of the Commonwealth; Mr. Alister McIntyre, Vice-Chancellor of the University of the West Indies and former Assistant Secretary General of the United Nations; Mr. Leonard Archer, former President of the Caribbean Congress of Labour; Mr. William Demas, Governor of the Central Bank of Trinidad and Tobago. I believe that these names will be familiar to many senators.

The members of the Foreign Affairs Committee hope to meet with these representatives of the West Indian Commission tomorrow afternoon at 4 o'clock in a room in this building. Although this will be not be a formal meeting of the Foreign Affairs Committee, I believe that all senators who can possibly arrange to be present will find the meeting most profitable. I thank honourable senators for their indulgence.

THE ECONOMY

GOVERNMENT PERFORMANCE—DIVERSION OF ATTENTION TO ALLEGED CONSTITUTIONAL CRISES—NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I wish to give notice that on Tuesday next, December 10, I will call the attention of the Senate to the attempt by the government to camouflage its poor economic and fiscal management performance by diverting the attention of Canadians to an alleged constitutional crisis.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 98 residents of the province of Quebec who object to the goods and services tax. These petitions are mostly from Chicoutimi, Montreal North, Saint-Léonard and Saint-Dominique.

I have the honour to present a petition signed by 65 young Canadians from Murray River, Nanaimo, Vancouver and Kamloops, British Columbia, who deplore the fact that the Goods and Services Tax Credit is not available to young Canadians who no longer live with their parents, pay taxes and are under 19.

They call upon the Senate to ask the government to remedy this situation.

I have the honour to present a petition from 59 young Canadians from Murray River and Montague on Prince Edward Island, who deplore the fact that the Goods and Services Tax Credit is not available to young Canadians who no longer live with their parents, pay taxes and are under 19.

They call upon the Senate to ask the government to remedy this situation.

I have the honour to present a petition signed by 75 young Canadians from Saskatoon and Swift Current, Saskatchewan, who deplore the fact that the Goods and Services Tax Credit is not available to young Canadians who no longer live with their parents, pay taxes and are under 19.

They call upon the Senate to ask the government to remedy this situation.

I have the honour to present a petition signed by 31 young Canadians from Winnipeg, Manitoba, who deplore the fact that the Goods and Services Tax Credit is not available to young Canadians who no longer live with their parents, pay taxes and are under 19. They call upon the Senate to ask the government to remedy this situation.

Thank you, honourable senators.

[*English*]

ENERGY, ENVIRONMENT AND NATURAL RESOURCES

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY SYNFUELS PROJECT

Leave having been given to revert to Notices of Motions:

Hon. Dan Hays: Honourable senators, I give notice that on Thursday next, December 5, I will move that the Standing Senate Committee on Energy, the Environment and Natural Resource be empowered to examine and report upon the Synfuels project; that the papers and evidence received and taken on the aforesaid subject before the committee during the second session of the 34th Parliament be referred to the committee; and that the committee present its report no later than June 30, 1992.

• (1420)

QUESTION PERIOD

EXTERNAL RELATIONS

YUKON—VISIT OF SOVIET RED ARMY HOCKEY TEAM—SEIZURE OF PERSONAL PROPERTY BY CUSTOMS OFFICER—REQUEST FOR RESPONSE

Hon. Paul Lucier: Honourable senators, yesterday I asked the Leader of the Government in the Senate a question concerning an incident that occurred in Whitehorse over the weekend. Has the minister yet received any information concerning this incident?

Hon. Lowell Murray (Leader of the Government): I am afraid I have not, honourable senators. I have sent forward an inquiry to my colleague, the Minister of National Revenue. I hope to have a report on the matter shortly.

REQUEST FOR REPAYMENT OF FUNDS AND FOR APOLOGY

Hon. Paul Lucier: Honourable senators, I have received more information on the incident. I have heard that the people of the Yukon raised sufficient funds to pay all the fines levied against the Russian team. The amount needed to enable the players to leave for Anchorage was $2,800. Apparently, they could not leave until this amount was paid.

Because the players have now left and the money has been paid, I hope the minister will ensure that this does not change any of the consequences that should follow. I am still of the opinion that the fines should not have been levied in the first place, and that the money should be returned to the people of Whitehorse who collected it to pay the fines, and that there should be an apology nade to the hockey team for the incidents that took place.

With the advent of the Arctic Winter Games, it seems to me most likely that we will be inviting teams such as the Russian team to play in the Arctic Winter Games over the next short period of time. I hope that this situation will not be allowed to pass unremedied simply because the players have now left Canada.

Hon. Lowell Murray (Leader of the Government: Honourable senators, I shall attempt to obtain a response to the representations of the honourable senator.

NATIONAL DEFENCE

REPLACEMENT OF VICTORIA CROSS—REQUEST FOR RESPONSE

Hon. Hartland de M. Molson: Honourable senators, over a month ago I asked a question about an announcement that Canada was considering the discontinuation of awarding the Victoria Cross in favour of a newly-developed Canadian award. I have had no reply to date. Would the Leader of the Government in the Senate care to tell me what the decision of the government has been?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I recall the question. I also recall that I replied that I would consult with the Department of Veterans Affairs, which was the wrong department to have consulted. I now have made inquiry of the Department of National Defence, and I hope to have a reply very soon.

Hon. Jack Marshall: Honourable senators, on that question, for his information, I wish to inform Senator Molson that I introduced an inquiry last week on the subject of the Victoria Cross. I will be speaking to that inquiry today.

AWARDING OF MEDALS TO VETERANS OF KOREAN CONFLICT

Hon. Lorne M. Bonnell: Honourable senators, the talk about the Victoria Cross reminds me of another medal which was to be awarded to many great Canadians who served in Korea. I understand that, finally, they will receive that medal. However, according to what I saw on the CBC News, the Department of National Defence has mailed these medals, via second class mail and they are just being thrown through the doors of the homes of these veterans. The only recognition these people are receiving for their service to this country is a medal, which is being awarded 30 or 40 years too late and is being thrown onto the floor of their homes by second class mail delivery.

Can that situation be corrected so that these people may be better recognized for their service to this country?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall make inquiries in an effort to establish what the facts are in this matter.

FINANCE

MEETING OF MINISTERS—NATURE OF MEETING—REQUEST FOR AGENDA

Hon. H.A. Olson: Honourable senators, can the Leader of the Government in the Senate help us understand the agenda for the meeting of the Ministers of Finance that will be taking place on December 12 and 13?

What I really want to know is whether this is a meeting in lieu of what several of the First Ministers of the provinces have been asking the Prime Minister to call, namely, a conference of first ministers on the economy. Or is there some more specific agenda for the Ministers of Finance?

Hon. Lowell Murray (Leader of the Government): Honourable senators, as a general comment, I can say that it has been

the practice in recent years for the Minister of Finance to consult with his provincial counterparts first, and, of course, with the private sector, prior to introduction of a budget.

While the minister has not stated a date for presentation of the budget, we are all aware that most of the previous budgets under this government have been in the month of February. In any case, I would think that a general *tour de raison* of the economic and fiscal situation in the country from the perspective of the various governments, would be the major item of discussion. The honourable senator asked a question about this matter, I think, yesterday. The precise answer to his question is that an agenda has not been released. A communiqué has not gone out, and it is not anticipated that one will go out until the week of the conference itself.

Senator Olson: The minister will, of course, recall, as I do, that the Prime Minister made a comment in response to a question put to him as to whether he would respond to four or five first ministers who are asking for a conference on the economy on an urgent basis. One of his replies was that he would consider it, but that he would wait until he first had a report from the finance ministers' meeting. That is why I was wondering if this was a preliminary meeting with the same agenda being requested by some of the provinces.

Senator Murray: No, I think the reply that I gave in answer to the honourable senator's first question is a more accurate description of what we had in mind. I am aware, of course, that various provincial premiers have called for a first minister's conference on economic matters. We would expect that, following the meeting of the Ministers of Finance, the Prime Minister and all premiers would reflect further, in light of the ministers' meeting, whether a first ministers' meeting is desirable and, if so, when and under what circumstances.

Senator Olson: I have a supplementary, honourable senators. One of the reasons that I think all the provincial first ministers gave for asking for a conference of this nature on an almost urgent basis is because of the depth of the recession and the consequential costs to the provinces and the deprivation of a large number of Canadian citizens. Will that subject be high on the agenda when the Minsters of Finance meet, or is the intent to just review the economic situation which, as the minister has pointed out, is a normal event for all 11 Ministers of Finance to attend prior to the preparation of the budget.

Senator Murray: Honourable senators, there are two comments I could make in reply to that. First, while we appreciate the straitened financial circumstances in which all governments find themselves, the fiscal position of almost all of the provinces is relatively better than that of the federal government as a result of the debt load which this present administration inherited.

Senator Olson: Inherited or created?

Senator Murray: We have not created the debt load, as the honourable senator is well aware. I can demonstrate that with statistics.

Senator Olson: You will have a chance next Tuesday.

Senator Murray: I understand that, and I look forward to it. The second comment I would make is that I am sure provincial finance ministers will, in fairness, want to express their considerable satisfaction at the relief that has been brought to their fiscal situation by the decline in interest rates and inflation. After all, the declines in inflation have had, and will have, a beneficial effect on their costs of governing, on their operational costs, and of course, the decline in interest rates has a beneficial effect on the interest costs of their borrowings.

• (1430)

FISHERIES AND OCEANS

ST. PIERRE AND MIQUELON—STATUS OF NEGOTIATIONS WITH FRANCE

Hon. Eymard G. Corbin: Honourable senators, what is the status of negotiations with France with respect to the fisheries problem around the islands of St. Pierre and Miquelon. It has been months since this matter was raised in the Senate. There was a debate a few years ago about the whole issue. Where does the matter now stand? Has any progress been recorded on that front?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I believe I answered a question on this matter some time ago when it was put by our colleague, Senator Stewart of Antigonish-Guysborough. At that time I believe I reported that we expected a judgment on the matter early in the new year. I do not have here the notes that I was referring to at the time, but I will consult them again and I will take the occasion offered by Senator Corbin's question to see if there is anything new I can report to the Senate on that matter.

NATIONAL DEFENCE

REPLACEMENT OF VICTORIA CROSS

Hon. Finlay MacDonald: Honourable senators, with respect to recent questions respecting the Victoria Cross, may I suggest to the leader that perhaps the Department of National Defense is not the logical place to direct these questions; it might be the Honours Division of Rideau Hall, where the change was made when the Order of Canada was to be worn in precedence over such British decorations as the Military Cross, the DSO and so on. This would appear to be a logical extension of that thinking.

ENERGY

FEDERAL ASSISTANCE TO WESTERN COAL PRODUCERS—STATUS OF SALE TO ONTARIO

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government. It was reported recently that the federal government was preparing to aid the sale of western coal to Ontario. The news report indicated that the federal government was ready to spend some $27 million in this regard. Could the minister advise us where this matter now stands?

Hon. Lowell Murray (Leader of the Government): I am afraid I cannot answer that question today, honourable senators.

Senator Molgat: Could the leader get us a report on that matter?

Senator Murray: Yes, I will do that.

FOREIGN AFFAIRS

YUGOSLAVIA—PARTICIPATION OF CANADA IN PROPOSED U.N. PEACEKEEPING FORCE

Hon. Stanley Haidasz: Honourable senators, if the Leader of the Government in the Senate entered the Centre Block by the front door today, I am sure he noticed many Canadians of Croatian origin demonstrating in front. I would ask the Leader of the Government in the Senate whether he has any further information as to Canada's efforts to stop the civil war in Yugoslavia, especially the war between Croatia and Serbia, and whether Canadian officials at the United Nations have reported anything to the government with regard to the so-called peacekeeping forces of the United Nations that were supposed to have been sent to stop these warring factions?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I can only repeat that Canada has made a commitment to participate in a U.N. peacekeeping force, if the decision is taken to send one to Yugoslavia. Our priority remains to see an end to the violence. My honourable friend will be aware that at a peace conference in The Hague the parties were engaged in the process of negotiations, but the civil war intensified all the same. We think the key to a solution now is to encourage the moves by former U.S. Secretary of State, Cyrus Vance, who is a special envoy to the UN Secretary General, to establish whether the necessary conditions can be met for the dispatch of a UN peacekeeping force.

• (1440)

CROSS-BORDER SHOPPING

COLLECTION OF PROVINCIAL SALES TAXES ON IMPORTED GOODS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable sentors, I have a further question for the Leader of the Government. I have delayed asking this question because I was expecting that there would be further statements from the government. The question is in reference to a news story from the *Winnipeg Free Press* of Saturday, June 1. The headline is: "Ottawa to help B.C. collect provincial sales tax". I will read from the clipping so that the minister will know exactly what I am seeking.

> A day after saying Canadians are overtaxed, Revenue Minister Otto Jelinek announced his department will help the B.C. government collect provincial sales tax from cross-border shoppers.
>
> Canada Customs won't take the tax directly but will set up a system to inform the provincial Finance Minister of U.S. purchases by B.C. residents, Jelinek said yesterday.

[Senator Molgat.]

Has that arangement been put into effect? Is it in effect with all provincial governments?

The article reads further:

> Jelinek later told the chamber of commerce at Delta, a 15-minute drive from the busy Peace Arch border crossing, that the federal government is reviewing gasoline taxes, standards and labelling to help Canadian retailers become more competitive.

I would appreciate if the leader could find out exactly what the Minister of Revenue or the government has done with respect to gasoline taxes, standards and, particularly, labelling. What did the minister have in mind and what exactly has been done?

Hon. Lowell Murray (Leader of the Government): Honourable senators, with regard to the second part of the question, I would have to make inquiries of my colleague, Mr. Jelinek, and ask for a report from him. I shall do so.

With regard to the first part of the question, the offer by the federal government to provide provincial governments with information on purchases by their residents in other countries was made to all provinces, and certainly, as I recall, to Ontario. However, I would have to inquire as to what the status of that offer is and the extent to which it is being implemented.

THE SENATE

OFFICIAL REPORT—DELAY IN DISTRIBUTION

Hon. Stanley Haidasz: Honourable senators, I note that although we have received the House of Commons *Hansard* of yesterday we do not yet have the *Debates of the Senate* of yesterday. I would like to have an explanation for this delay, since this is not the first time it has occurred.

The Speaker: We will make inquiries and report back to the Senate.

Senator Haidasz: Thank you.

BUSINESS OF THE SENATE

DISPOSITION OF MOTIONS FOR DEBATE—REQUEST FOR EXPLANATION

Hon. Stanley Haidasz: I have another question, honourable senators. If we compare the date of debate on my motion, yesterday's *Minutes* say it is slated for Wednesday, December 11. Today's *Minutes of the Proceedings of the Senate* say that the motion comes up for debate on December 5. That is a jump of six days in one day. I should like to know the explanation for that, also.

The Speaker: We will look it up, Senator Haidasz, and report.

[*Later:*]

DELAYED ANSWER

Hon. M. Lorne Bonnell: Honourable senators, I have just received now the *Debates of the Senate* of yesterday and I find

that the delayed answer which the Honourable John Lynch-Staunton gave to a question I asked about the PVY-n virus is not what I received as my copy of the answer. I received the answer to another question, which he did not tell us about and which has to do with the fixed link. Obviously that has nothing to do with the PVY-n virus. Could you please explain this discrepancy? I am looking at page 652 of the *Debates of the Senate*.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senator, when I find the answer, I will give it to you. I will have to verify this, because I do not recall the topic of the question to which I gave the delayed answer yesterday.

Senator Bonnell: If you read page 652, in the second column, you will see you are talking about the virus, and the answer is about the fixed link. There is not much connection between the fixed link and the PVY-n virus. I would like to have *Hansard* corrected, honourable senators, if possible.

Senator Lynch-Staunton: I think I have the answer to your question about the PVY-n virus, senator.

(*The answer follows*)

AGRICULTURE

PRINCE EDWARD ISLAND—EFFECT OF VIRUS INVESTIGATION ON SEED POTATO INDUSTRY

(*Response to question raised by Hon. Lorne Bonnell on November 19, 1991*)

On Prince Edward Island, 96 lots tested positive following bioassay tests to determine the presence of PVYn. A "Notice to Dispose" was issued in each case. Growers were given the option to sell subject potatoes to a processing plant. At the specific request of the PEI provincial government, the option to sell subject potatoes as tablestock was withdrawn.

The testing procedure that was used was developed in the spring of 1991, following careful consideration of scientific literature and consultation between Agriculture Canada scientists. The testing procedures were agreed to by the United States Department of Agriculture (USDA), Agriculture Canada and the PEI provincial government.

Based on additional research carried out over the past two months, it has been determined that symptoms produced on the bioassay test plants by mixtures of related potato viruses, PVX and PVYo, have been interfering with positive identification of PVYn. In five lots which were ordered disposed during the growing season, the presence of PVX and PVYo has been confirmed. The sister lots and the potatoes grown in the 200 m buffer area of these five lots are now eligible for planting on PEI.

With respect to compensation, regulations have been passed to allow for compensation to be paid. The rates that will be paid per hectare were agreed upon by the provincial government and the PEI Potato Board. Every farmer who received a "Notice to Dispose" is eligible for compensation.

Canada is signatory to the International Plant Protection Convention. Under the convention, it is each country's responsibility to inform its trading partners if new plant pests of quarantine significance are discovered. Canada was living up to its international obligations when it informed the United States of the presence of PVYn.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

THIRD READING—DEBATE CONTINUED

On the Order:

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

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

4. Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date the Official Languages Act applies to the airport authority, with such modifications as the circumstances require, to the authority in relation to the airport as if

(a) the authority were a federal institutions; and

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I believe that this order was adjourned by Senator Simard yesterday.

[*Translation*]

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think our friend, Senator Simard, intends to take part in this debate tomorrow. However, I suggest that our colleague, Senator Grimard, who sponsored the bill, now speak on this subject.

Senator Molgat: Honourable senators, would there not be a problem, since Senator Simard presented the report? I do not wish for anyone to be excluded from debate.

Senator Murray: Honourable senators, as we are now under new Rules, it is up to the government to determine the order of business, day by day.

Hon. Normand Grimard: Honourable senators, with respect to the proposed amendment, I am aware of the seriousness of the subject and what I intend to do today is show that the proposed amendment should be defeated.

The government did not need to introduce Bill C-15 to get permission to transfer airports. But it did so to enshrine certain portions of the Official Languages Act, in particular Part IV which deals with language of service, Part VIII which deals with Treasury Board jurisdiction, Part IX which deals with the jurisdiction of the Official Languages Commissioner, and Part X with deals with legal recourse.

Honourable senators, why does the government not want to burden local airport authorities with the obligation of applying Parts V, VI and VII of the Act? Part V deals with language of work. Many reasons justify the government's decision on these parts of the legislation. First of all, the long term transfer of airports is not to individuals, not to public companies, but to private non-profit organizations. That is important.

The composition of these local airport authorities must also be taken into account. In committee, several senators opposite asked for the list of the board members of the future airport authorities in Montreal, Calgary, Edmonton and Vancouver. I congratulate them on this initiative, because that brought out that these board members were qualified businessmen from various backgrounds capable of administering local airports.

It is obvious that these authorities can be trusted. To give you an example, I would point out that the Montreal Airport Authority which will manage Dorval and Mirabel is made up of representatives of the City of Montreal, the City of Laval, the MUC, the Board of Trade, the Chamber of Commerce of the City of Laval, etc. These people definitely deserve our confidence and that is why the government has decided not to apply Part IV of the Official Languages Act, i.e. language of service.

Also, honourable senators, it should noted that application of Part IV concerning language of work is very limited, and can only apply in the National Capital Region, New Brunswick, certain parts of the Province of Quebec, and certain parts of the Province of Ontario.

[*English*]

● (1450)

Those provisions, Parts V, VI, and VII of the Official Languages Act, were not included in this legislation for one reason; because we recognize that we are creating private enterprises and, with all due consideration, that means that these private enterprises must be competitive within the business world. We want these private enterprises to do well, or better than well; we want them to excel.

The general policy of the federal government is not to force the private sectors, including local airport authorities, to respect Parts V, VI and VII of the Official Languages Act; but as far as possible, and when it is clearly constitutional to do so, to encourage and to force, if necessary, private corporations that are ready to acquire Crown corporations to offer public services in both official languages as stated in Part IV of the Official Languages Act.

This principle, honourable senators, has been fully respected in regard to the federal policy on airport transfer. These LAAs are private, non-profit corporations that try to be financially viable and autonomous. They are constituted in accordance with a federal or provincial law for the management of a local airport facility, and they are, at the same time, businesses which are competing in the private sector.

The official languages measures contained in Bill C-15 are, in most cases, stricter than those that were applied to privatized Crown corporations, with the exception of Air Canada.

[*Translation*]

Honourable senators, on the subject of Air Canada, when Senator Frith discussed his amendment before second reading of the bill, he referred to a letter he had received from the Commissioner, or should I say ex-Commissioner of Official Languages, Mr. D'Iberville Fortier. I may add, for your information, that in addition to his letter to Senator Frith, Mr. Fortier sent a copy to Senator Castonguay, and in the last paragraph, Mr. Fortier wrote as follows:

> Finally, you will recall that under the legislation to privatize Air Canada, the company remains bound by all the obligations of the *Official Languages Act*.

This means all ten parts of the *Official Languages Act*. However, with all due respect for Mr. Fortier, there is a big difference between Air Canada and local airport authorities.

First of all, when Air Canada was privatized in 1989, in this Chamber and in the other place, the Government of Canada owned 57 per cent of Air Canada shares, which made it a majority shareholder, so that at that time, Air Canada was still, to all intents and purposes, a federal institution, subject to the entire *Official Languages Act*. And there is more. As I see it, Air Canada is a unique national entity, while airport authorities are multiple local entities. The problems that arise in Vancouver are not the same as in Montreal, and vice versa. That is why, for the time being, the government does not want to apply the entire *Official Languages Act* as suggested in the proposed amendment.

In any case, this is not a precedent. When Canadian National hotels were transferred, only the language of service, not the language of work was mentioned. The same applied to Eldorado when it was privatized: language of work, no, but language of service, yes. When Nordia and Teratronics International were privatized, it was: yes to language of service but no to language of work.

There is still the problem of Petro Canada, which can apply the language of service provision as the directors see fit.

This means that today's amendment would require local airport authorities to comply with the whole Official Languages Act, including language of work, but there is something else besides language of work. Before I conclude, I would like to tell you that the proposed amendment seeks to have parts 5, 6 and 7 of the Act applied in full.

Part 7 of the Act deals particularly with the promotion of French and English and the Act commits the federal government, or in this case, the local airport authorities, to encourage and support the development of linguistic minorities and promote full recognition and use of the official languages.

I respectfully submit, honourable senators, that it is going much too far to require a private non-profit corporation to promote the full recognition and use of the official languages. I think that is up to federal institutions and that is why airports, as long as they are administered by Transport Canada, apply the ten parts of the Official Languages Act in full.

In my opinion, honourable senators, and I conclude with the following points, the important thing is the language of service to the public and that is guaranteed in Bill C-15.

Do not forget that the Official Languages Act applies only to federal institutions. I do not believe that local airport authorities are federal institutions. For airport authorities, there is quite a difference between language of service and language of work. In an airport, the language of service is the one used by the public; the language of work depends on local conditions and is up to local management.

Honourable senators, whether the Official Languages Act applies or not, no airport, except for those in New Brunswick and some parts of Ontario and Quebec, would be required to work in both official languages. Imposing two working languages in airports like Montreal and not on direct competitors in regions that are not designated bilingual would I think be an economic injustice, especially since they are not federal institutions.

● (1500)

We can understand that federal institutions which do not always have to compete can be bilingual, but the same cannot be said for private companies like local airport authorities which are not mentioned in this law, maybe because they have to be competitive.

Honourable senators, for all these reasons, Bill C-15 should be adopted without the proposed amendments.

Hon. Eymard G. Corbin: Honourable senators, would the hon. senator allow me to ask a question or two?

Senator Grimard: If I can answer you, with pleasure, Senator Corbin.

You said in your remarks referring to Petro Canada that there was a provision for service to the public in both official languages. You immediately added that it was also the case for Nordion International, Theratronics International and Eldorado Nuclear.

Yesterday I examined the laws privatizing these three companies and nowhere does it mention official languages.

I would like you to be able to reconcile your comment that these companies will continue to provide service in both official languages to the public requesting it and the absence of any reference to official languages in the laws creating these companies. I am puzzled.

Senator Grimard: If what you say is true, I think that we have all the more reason to assert today that the part concerning language of work should not apply to airport authorities since you tell me that the bills you studied do not mention official languages. The situation is much worse in our case. In Bill C-15, we specify that parts 4, 8, 9 and 10 will apply, whereas you are saying that the acts you examined made no mention of official languages.

I believe that the case you refer to is worse than Bill C-15. Bill C-15 enshrines those rights regarding services in the language of the public which, in my view, is the most important thing.

Senator Corbin: Honourable senator, I am not trying to say what is worse and what is wrong. You misunderstood me. I challenged you to tell me why you said something while the Act is silent. That was my question.

My second question is this: You defend these new airport authorities as though they were the poor relations in Canadian society. You talk as though Montreal's airports, Dorval and Mirabel, were not profitable. Yet, the committee was told that they expected to make net profits of more than $100 million and that they would reinvest $30 million each year in airport facilities.

I believe that you exaggerated when you implied that the airports were poor relations, since the facts absolutely contradict this, and you did not tell us how much it would cost to implement the official languages policy in these federal facilities that you now want to privatize?

Was that cost so exorbitant that it made the difference between profit and loss? Dorval and Mirabel airports made over $100 million in profit. My gosh! Then what does it cost to implement the Official Languages Act? I will shoot down your comments when I speak on the amendment.

I would like to conclude with a simple comment. I do not know if you have lived in a minority situation in Canada, but I find it hard to believe that you, as a Quebecer, defend an unjustifiable cause. I think you owe me an answer, because I come from a minority group which, from the very beginning until now, has had to fight to obtain recognition through provincial and federal regulations and laws. But why did they choose you, a Francophone Quebecer, to defend a bill that contains indefensible clauses? I do not understand that.

I am asking a question. That question was asked, so I ask another one.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I think that allegations the honourable senator is making about senator Grimard are bordering upon—I am trying to find the right word—indecency.

Senator Corbin: Honourable senator, if you think that it is bordering on indecency for someone who champions the cause of linguistic minority rights to be asking a French-Canadian from Quebec to justify denying that the Official Languages Act applies to companies, you are wrong. I would like an answer. I have no lesson to take from you, honourable senator. I asked a question, thereby exercising my democratic right.

Senator Grimard: Honourable senators, I will give senator Corbin a brief answer. First, you want to know why I endorsed Bill C-15 and still do. There is the answer: it is because I requested it. When I made this request, I told my party that this bill was close to my heart and that is why I am here.

As regards your second question, you do not seem to see the difference between profit-making and non-profit-making corporations. You criticize the airport for making profits. I have been telling you from the start . . .

Senator Corbin: Senator Grimard, I do not need . . .

Senator Grimard: Listen, if that is the way you are going to talk to me, you are in contempt of the Senate and I refuse to answer.

Senator Corbin: You do not have to answer, but do not put words in my mouth.

Hon. Gildas Molgat (Deputy Leader of the Opposition): Would senator Grimard allow another question? Honourable senators, when Senator Grimard was talking about the difference between Air Canada, which was privatized, and the airports we are talking about today, he argued that one of the reasons for considering Air Canada as different and for not making comparisons was that the government was the majority shareholder in Air Canada. If that is a logic, since airports are wholly owned by Government, it would be all the more justified not to make the proposed changes in the act.

• (1510)

If Government holds 56 per cent of all Air Canada shares, we tell the company: "You have to abide by the Official Languages Act". So, where airports are wholly owned by Government, should we not conclude that it is all the more justified to abide by the Official Languages Act?

Senator Grimard: Honourable senators, I said also that there is another difference between Air Canada and the airport authorities. I said that Air Canada is a national entity. I said that the airport authorities are multiple local entities, as compared to the unique national entity that Air Canada is. This is a major difference. Air Canada has offices in Vancouver, Halifax, Rouen-Noranda, from coast to coast, but it is always Air Canada. It is the same organization. Airport authorities have offices in four cities only. Probably one day they will have offices in Winnipeg, Moncton or elsewhere. So, this was the major difference, honourable senators, when I compared Air Canada and the airport authorities.

I think those 57 per cent are a main factor, but what I just told you about a unique national entity versus multiple local authorities, this is the major difference from the language of work perspective.

On motion of Senator Murray, for Senator Simard, debate adjourned.

[*English*]

CANADA LABOUR CODE

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton moved third reading of Bill C-44, an act to amend the Canada Labour Code (geographic certification).

[Senator Grimard.]

Motion agreed to and bill read third time and passed.

• (1520)

YOUNG OFFENDERS ACT CRIMINAL CODE

SECOND READING—DEBATE ADJOURNED

Hon. Consiglio Di Nino moved the second reading of Bill C-12, to amend the Young Offenders Act and the Criminal Code.

He said: Honourable senators, I do not mind telling you I have a sense of frustration and discomfort in dealing with this bill, not because I do not support it, because obviously I do. I am uncomfortable and frustrated because legislation dealing with youth in trouble is, in my opinion, indicative of a community malaise which should be of concern to all of us.

Seeing and hearing of young people in serious trouble is very painful to me, as I am sure it is for all honourable senators, and in particular those of us who dedicate much of our volunteer time to youth organizations. I have been involved in scouting for many years, as have Senators Molson and Lewis, and probably other honourable senators. The principles of organizations like scouting are meant to teach our youth to become responsible and respectful citizens. The fact that we have the Young Offenders Act points to a failure in our responsibilities to our young men and women.

I find myself saddened by the many painful stories told by relatives and friends of victims of crime committed by young offenders. I, too, at first respond with hatred and passion. Revenge is what I usually want. When I hear of a swarming in a mall in Toronto where 40 to 50 young men attack innocent people including senior citizens, frankly, all I want to do is get a baseball bat and break a lot of bones. Frankly, in the short run it would probably make me feel a lot better, especially if I were a victim or close to a victim. But what would that accomplish? What would happen to the rule of law if we were left to our individual solutions?

Honourable senators, I rise today to address you on Bill C-12, an act to amend the Young Offenders Act and the Criminal Code. This bill has a limited focus, intentionally. It is targeted at an extremely small percentage of young persons who are alleged to have engaged in the most serious of criminal behaviour.

The government proposes changes to the criminal law for this class of criminal behaviour. It does so with the full knowledge that the criminal law, by its nature, is a response to an act already done, and is no substitute for all the preventive efforts that need to be taken by society as a whole to nurture its children and youth in order that their risk of involvement in criminal behaviour is low. Having recognized the absolutely critical role of prevention, the government must nevertheless be able to respond when youth engage in serious or violent offences.

The Young Offenders Act was passed unanimously by Parliament. The overriding goal of the Young Offenders Act, then and now, is that as many youths as possible become fully

participating and contributing members of our communities as adults in accordance with the values of our society. To attain this goal, the government remains committed to the philosophy of the act that was arrived at after years of study and consultation preceding its passage. That is to say, young people are responsible for their illegal behaviour and should be held accountable in a manner appropriate to their age and maturity; society must be afforded the necessary protection from illegal behaviour, and it is responsible for taking reasonable measures for preventing such behaviour.

Young persons who commit offences require supervision, discipline and control. Because of their level of development and maturity, they have special needs which require guidance, assistance, and caring. While each of these principles can be readily grasped in its own right, respectful adherence to the sum total is, in some cases, much more difficult.

For youth who are involved with murder, the capabilities and the limits of the juvenile justice system are clearly put to the test. The government has set out to ensure that the Young Offenders Act meets the challenges posed by youth involved in extremely serious offences, particularly murder. Its proposals reflect the collective experience of a wide range of persons involved with young offenders, including representatives of provincial governments and territories, Corrections officials, mental health professionals, members of non-governmental organizations concerned with juvenile justice, researchers, academics, the judiciary, Crown counsel, the police, defence lawyers and members of the House of Commons.

Let us now look at Bill C-12. By way of background, a number of cases involving youths have attracted national attention and have influenced numerous sectors actively involved in the justice field and many members of the public to believe that the transfer mechanism and sentences for murder in the Young Offenders Act should be revised. Regrettably, these cases have called into question the integrity of the act as a whole and its capacity both to rehabilitate the youth and to protect the public.

It is the balancing of the fundamental principles of the Young Offenders Act which we are striving to maintain by enactment of Bill C-12. The objective of the amendments proposed in Bill C-12 is to ensure that the best possible decision is made at a transfer hearing in the interests of both the youth before the court and the public. The bill's purpose is neither to increase nor to decrease transfers, as both these ends suffer from a fundamental flaw—the absence of an individualized approach to the young person, the offence with which the youth is charged, and all the relevant circumstances which is the essence of our law for young people involved in criminal behaviour.

In short, such interpretations of the government's objectives simply do not stand up to scrutiny. Three essential changes were considered necessary to allow for the best possible decision to be made in the interests of both the youth before the court and the public.

The first change is to clarify the test to be applied by the youth court in considering whether to transfer a young person's case to adult court. The test for transfer to adult court is currently being interpreted unequally with varying weight being given to the objectives of rehabilitation of the young person and protection of the public. The bill specifies that the court must consider both these objectives and determine whether they can be reconciled by the youth remaining in the youth system. The bill further states that where these objectives cannot be reconciled, the protection of the public shall be paramount and the case transferred to adult court.

The second change is to provide for more appropriate sentencing choices in both the youth and the adult systems for youth convicted of murder. As concerns the youth system, the current maximum sentence of three years custody for a young offender convicted of murder is considered to be entirely inappropriate for some cases.

Under Bill C-12, the proposed sentence, called a disposition in the Young Offenders Act, for a young offender convicted of first or second degree murder is a maximum period of five years; that is, three years of custody to be followed by a period of conditional supervision. The federal government has two objectives in structuring this disposition. The first is to enhance the potential for rehabilitation. The second is to offer increased security to the community at large.

The custodial term could be extended in two situations. The first is where the court is satisfied that the young person is likely to commit an offence causing serious harm or death. The second situation is one in which a youth court may order the return of a young person to custody where there has been a violation of a condition of release.

Under the adult system, the current sentence of life imprisonment with no eligibility for parole for 25 years in the case of first degree murder, and 10 to 25 years in the case of second degree murder, is considered too harsh. The bill proposes that the period of parole ineligibility be reduced and determined by the judge at the time of sentencing. This would diminish the negative effects of long-term incarceration and would reflect the belief that a young person has the potential for rehabilitation.

• (1530)

The third change was to provide for the most appropriate placement of a transferred youth in the interests of that youth's rehabilitation and the protection of the public. This motion responds to the concerns of many Members of Parliament, individuals and organizations with the current placement of youth in adult facilities. While the government had initially intended to deal with this issue as part of the second phase of a legislative review, time has afforded the opportunity to consult further and to resolve the issue at this stage. The provisions would require as a normal rule the placement of transferred youth who are under the age of 18 in youth facilities during the pre-trial stage. An exception could be made and a youth placed in an adult facility where a youth court is satisfied, taking into account the best interests of the youth and the safety of other youth that that is desirable.

A youth over the age of 18 years would normally be placed in an adult facility but provision is also made for an exception allowing the court to order placement in a youth facility using the same criteria. Where a youth is transferred and convicted in adult court and is under 18 years, provision is made for the court to select between youth, provincial adult or adult penitentiary systems, having taken into account a number of factors.

Bill C-12 addresses one component of the Young Offenders Act in the manner that I have just outlined. Further changes to the Young Offenders Act are being examined with the following objectives: First, to respond more effectively to the special needs of all adolescents given there state of dependency, level of development and maturity. Second, to determine the most appropriate legislative framework for custodial sentences and for sentence review. Third, to ascertain the most suitable provisions regarding admissibility into evidence of statements made by young persons to persons in authority.

The government is committed to moving ahead as quickly as possible with whatever legislative changes are desirable to make the act more effective in terms of rehabilitation and protection of society. Honourable senators, in closing let me ask all of you to support the speedy passage of Bill C-12 recognizing, with much sadness, that legislation will never solve the problem. The problem will only be solved when we as adults, as parents, as grandparents and as responsible members of society accept our responsibilities and strengthen our commitment to nurture, love and care for our children.

Hon. Earl A. Hastings: Honourable senators, Senator Di Nino in his closing remarks said that legislation will never have any impact on this particular problem. I do not think this particular legislation will have any impact on any problem. The knee-jerk reaction of this government to any correctional problem is to lash out with more punishment, notwithstanding the overall research and knowledge we have that punishment has no impact whatsoever with respect to the incidence of crime.

The murder rate in Canada has stood at about 2.53 or 2.54 per 100,000 over the last 30 years. Notwithstanding that we have devised more and vicious punishment for the offender, it does not change the rate. It does not matter whether we hang them or keep them in jail for 10 years or 25 years, we know that that punishment will have no impact on the crime. Notwithstanding that knowledge, this government can only respond, as it does, with more punishment.

Parliament was recalled four years ago to lash out with more punishment that would solve all our problems. We know that the rate of violence in society has not changed one iota, notwithstanding the punishment that has been heaped on the offender. I am sure that all senators in the chamber today will be a little more content tonight when they sit and watch *The Journal* to know that a young offender will serve two more years or 10 years before he can be paroled, and that somehow we will all be better citizens the more brutal the punishment we heap on the offender.

Honourable senators, we have followed this course without results. I do not see in this bill one word about rehabilitation programs or increased funding for programs in penitentiaries. This bill is a reaction to a few incidents that have occurred in society. Why do we not deal with the many programs that are working, where every inmate who has served his three years and been released has been a success in society. We do not want to talk about that, but only about the people who are on the warpath for more punishment. This government reacts to those people.

Honourable senators, I do not intend to hold up in any manner this government's having its way and lashing out with its punishment, but I would prefer to adjourn the debate to reply a little more fully at a later date.

On motion of Senator Hastings, debate adjourned.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Fourth Report of the Standing Senate Committee on Internal Economy, Budgets and Administration (Budget of the Standing Senate Committee on National Finance), presented in the Senate on November 28, 1991.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move that the fourth report of the Standing Senate Committee on Internal Economy, Budgets and Administration be now adopted.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Fifth Report of the Standing Senate Committee on Internal Economy, Budgets and Administration, presented in the Senate on November 27, 1991.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move that the fifth report of the Standing Senate Committee on Internal Economy, Budgets and Administration be now adopted.

Motion agreed to and report adopted.

● (1540)

[*English*]

CANADA PENSION PLAN ACT

BILL TO AMEND—SECOND READING—SPEAKER'S RULING DEFERRED

On the Order:

Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Di Nino for the second reading of Bill C-280, An Act to

amend the Canada Pension Plan Act (disability pension).—(*Honourable Senator Frith*).

POINT OF ORDER

Hon. Jack Marshall: Honourable Senators, I would like to raise a point of order on this Commons Public Bill C-280. Unfortunately I was not in the chamber when Senator Atkins moved second reading it and Senator Frith responded. On looking through the bill I find an inconsistency in the procedure that has been followed with regard to the bill. There is no Royal Recommendation. It is a money bill introduced by a private member in the House of Commons. It was passed, or approved, or agreed to, by the Speaker.

I want to make it clear at the outset that I have no objection to this bill for the disabled pensioners. They deserve it and I commend the honourable Alan Redway for introducing it.

However, my Bill S-5 had to do with the recognition of merchant seaman and contained a clause saying that it does not ask for money. Bill C-280, on the other hand, does ask for money. Clause 1 of Bill C-280 reads:

> —a disability pension shall be paid to a contributor who has not reached sixty-five years of age, to whom no retirement pension is payable, who is disabled . . .

The bill is, in fact, asking for money and has not been questioned at all by the Speaker. Bill S-5 did not ask for money, yet it was ruled as a money bill. I am wondering about the inconsistency between the two houses. Bill S-5 is also directed to merchant seamen who, while perhaps not having made contributions for at least one-third of the contributory period, yet offered their lives in time of battle.

I would ask Your Honour to make a ruling on this irregularity. I would like to find out what the difference is between the ruling in one chamber on a public bill and the ruling in the Senate.

The Hon. the Speaker: Senator Marshall, I shall take your point of order under advisement.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wonder if I may speak to the point of order. I mentioned yesterday that I found some difficulty perceiving the difference between requiring the Royal Recommendation for Senator Marshall's bill and not for this one. I sympathize very much with what Senator Marshall is saying. I want to make it very clear, however, as I think he has, that we support the bill. We think it is a good bill. We think it should move forward. I would not want to see it delayed in any way.

If Senator Marshall wants to proceed with a ruling by the Speaker, I will not object to that, but I wonder if we might not achieve the same purpose by asking the table to prepare a paper on this matter and, instead of waiting to pass the bill, agree to pass the bill so it can go forward to committee. Senator Atkins has suggested it would not be there until February in any case.

In the meantime, perhaps the table could take time to prepare a sound paper on this matter, because I think the matter is important. I think we have to make clear what the powers are for private senators here and private members in the other place. They should not be different. If we could get that sorted out we could proceed with the bill in the meantime. That is just a suggestion. As far as we are concerned, we like the bill and we would like to see it go forward.

Hon. C. William Doody: I do not want to speak to this particular problem with the bill. With regard to the suggestion that the table be asked to prepare a paper, presumably on the Royal Recommendation or its application, I would just mention that the National Finance Committee did an immense amount of work last year researching the Royal Recommendation and how it should apply to bills generally. I do not think we are that much further ahead now, having gone through that exhaustive process. I would not want to suggest that the table resolve something that has baffled legislators in both houses for quite a long while. If this bill's passage is going to be predicated on the assumption that the table can come up with a solution to the Royal Recommendation conundrum, it will take a long while for that bill to go anywhere.

Hon. L. Norbert Thériault: Honourable senators, if I may intervene on that point of order, there may be a difference in your bill, Senator Marshall. It is due to the fact that the moneys required for this bill would come from the Canada Pension Fund. I am sure the table would know, but I am not quite sure whether in fact you need a Royal Recommendation to make use of the money in a special fund such as the Canada Pension Fund. So I think there may be a difference between the two bills, Senator Marshall.

Senator Molgat: If you say it comes out of that fund, the question would arise, what about the unemployment insurance fund? Is it then permissible for an honourable member in the other place or a senator here, to make proposals to change the unemployment insurance provisions because it comes out of the unemployment insurance fund? The matter is very unclear, but I think we should resolve it somehow or other. I am concerned that there not be a different rule for members of the House of Commons and members in the Senate. There is no reason that members of the House of Commons can pass proposed bills without Royal Recommendation if we cannot.

Hon. Jack Austin: Honourable senators, I would like to speak to the point of order as well. Obviously I would like to see the bill referred to committee. As I said yesterday, I had an opportunity to talk to the sponsor of the bill in the Commons as well as to members of the department. The department members wanted, through their minister, to refer the bill to committee which would give the ministry time to talk to the provinces and sort out the proposal of this bill and the significance of it in terms of cost.

If we can get this bill into committee the chairman of the committee will not call the committee together until February and then we will be clear on the implications of the bill. I would like to point out just one other thing with regard to what Senator John Stewart said yesterday. As I understand constitutional prohibition, it is a prohibition against the House of Commons and not against the Senate. Whether that is an

appropriate judgment in relation to this bill I am not sure, but I think it is another consideration.

Senator Marshall: Honourable senators, we can discuss and debate this as has been done since time immemorial. If there is a will, there is a way. If it is fair for one group of Canadian citizens in a minority whom we should be looking after, it should be similar for a group of disabled people. I stick to my original intention, Mr. Speaker. I do not mind the matter going to the table, but I would like a ruling on who is right and who is wrong.

Senator Doody: I have to support Senator Marshall's position on this. I worry about approving the bill in principle if it is not in correct order. To send it to committee while we are doubtful about whether we have the right to deal with such a bill would, I think, be an error. I think we should ask for a ruling from the Chair on the admissibility of the bill before we proceed to approve it in principle. That is how I feel about it.

The Hon. the Speaker: Honourable senators, I gather that I should give a ruling. It is a rather complicated ruling, so if you will bear with me, I will try to make my ruling as early next week as possible.

VETERANS AFFAIRS

PROPOSED INTRODUCTION OF "CANADIAN CROSS" AS HIGHEST DISTINCTION

Hon. Jack Marshall rose pursuant to notice of Tuesday, November 19, 1991:

> That he will call the attention of the Senate to the Canadian Government's ill-advised plan to introduce a so-called "Canadian Cross" as the highest distinction for courage, thereby replacing the historic Victoria Cross, and to recommend to the Senate that the matter be referred to the Senate Committee on Social Affairs, Science and Technology in order to examine the advisability of such action in light of the opposition of the vast majority of Canadian veterans, and the demeaning of the heroism of not only those Canadian VC winners who have passed on, but those few remaining — Col. Fred Tilston, Lt. Col. CCI (Cecil) Merritt and Sgt. Ernest Alva "Smokey" Smith.

He said: Honourable senators, I rise to address my Inquiry No. 12 which I introduced here in the Senate on Tuesday, November 19 last. The inquiry calls the attention of the Senate to the Canadian Government's ill-advised plan to introduce a so-called "Canadian Cross" as the highest distinction for courage, thereby replacing the historic Victoria Cross. It recommends to the Senate that the matter be referred to the Standing Senate Committee on Social Affairs, Science and Technology in order to examine the advisability of such action in light of the opposition of the vast majority of Canadian veterans, and the demeaning of the heroism of not only those Canadian VC winners who have passed on, but those few remaining — Col. Fred Tilston, Lt. Col. CCI (Cecil) Merritt and Sgt. Ernest Alva "Smokey" Smith.

[Senator Austin.]

• (1550)

Honourable senators, in order to first establish that such a plan is active within the Department of National Defence, let me place on the record some evidence of the proceedings of the House of Commons committee on Defence and Veterans Affairs. In response to a question from Pat Nowlan, a member of Parliament, General Ken Foster said,

> Mr. Chairman, we have for some time now been working on an series of orders and decorations that are Canadian—distinctly Canadian. In that regard, we have tried to emulate the best awards of other nations—

and here we go again; every time there is a problem in Canada, we look to copy other nations—

> the other nations that you have mentioned, the Victoria Cross, for example. We are working on a Canadian Cross that would mean the same kinds of things, although the words may be slightly different. So there is no intention to change or cast aspersions on the value of that as a decoration in any way. We simply are completing the work to create a Canadian order of decorations. Further than that, it is before committee—

and I presume he meant a committee in the Department of National Defence—

> because it is such an important issue, and it is in discussion at the moment.

Honourable senators, now that we have established that the Department of National Defence is busy with designing a new medal to recognize the heroism of our Canadian fighting men and women, it should be better able to take the constant pressure to dilute the strength of our military capability, and that begs the question, Where are our priorities?

Honourable senators, I do not have anything original to say on this issue that has not been said already by many concerned groups of Canadian citizens and a majority of Canadian veterans. They have said it better than I can, and I intend to refer to some of the justifiable reactions and our seemingly usual Canadian way of belittling those who brought honour to our country. I harken back to Billy Bishop.

I will begin by reading a forward in a book called "Valiant Men" by Admiral of the Fleet, Earl Mountbatten. He said this:

> When I was asked to write a forward, I felt greatly honoured, for this book is the first to present, in a single volume, the story of Canada's Victoria Cross and George Cross winners.

He finished up this way:

> The Crosses were won in many parts of the world and in a wide variety of circumstances. The only common element was courage of an uncommon order as is expressed in the title "Valiant Men."
>
> Nothing I can say can add to the exploits of those men: they speak for themselves.

Honourable senators, here is another quote from a distinguished individual. I ask you to listen to what Her Majesty

Queen Elizabeth said in 1959 when she described what she thought the Victoria Cross meant.

> In the past century thirteen hundred and forty-four men won the Victoria Cross—three of them more than once. They were men of all ranks and they came from all walks of life. They were of different colours and creeds. They fought in many lands and with many different weapons. But their stories are linked by a golden thread of extraordinary courage. Each man of them gave the best that a man can give, and all too many of them gave their lives. Some, careless of danger, stood firm in battle to hold or secure a position. Some with sublime self-sacrifice, gave their lives to help wounded comrades. Many of them exposed themselves time after time to death in conditions of battle beyond the imagination of our forefathers. All met with honour those demands of war which urge the valiant spirit to the limits of human endeavour and endurance. They dared mightily, and "turned their necessity to glorious gain."

Here is something written to the Prime Minister on March 22, 1991:

> The thought that the Victoria Cross may be displaced as Canada's highest award for valour in the face of the enemy is truly unthinkable. This award is part of Canada's military heritage and has been since its earliest award in the Crimea by Queen Victoria to a Canadian for valour in the Charge of the Light Brigade. In the eyes of both serving and retired members of the Canadian Armed Forces, there simply cannot ever be an equivalent substitute.
>
> The policy that started in 1972 to "Canadianize" honours and awards is a good one in our opinion. However, the Victoria Cross holds a special place in both the hearts and minds of Canadians as well as within the Commonwealth. We hold that the Victoria Cross must continue to keep its place of honour as the highest award that can be conferred by a grateful nation through the Queen of Canada, on the advice of Canadian officials, administered by the Honours Chancellery at Rideau Hall. This is the only way to honour our national heritage and our living traditions.

That is from a Colonel Miskiman of the Royal United Services Institute, from their newsletter of March 22, 1991.

To verify, confirm and support what Colonel Miskiman said, a letter dated March 18, 1991, has this to say:

> We understand that Australia has taken similar steps to ensure that its countrymen continue to qualify as Victoria Cross recipients. A new Australian order of military decorations has been instituted which retains only the Victoria Cross amongst all other British decorations formerly awarded to Australians. This has been done to preserve a proud military heritage—and to continue to recognize the most prestigious decoration "For Valour" the world has ever known. Canada should do the same.
>
> Yours respectfully,
>
> Lieutenant Colonel R.M. Dillon

I will quote now from a letter dated November 2, 1991—just prior to Remembrance Day—to the *Ottawa Citizen* from a Colonel Kenneth L. Barnaby.

> It was disappointing, and disturbing, to read the recent account of the Victoria Cross being replaced in the Canadian Armed Forces. One must assume this is the first indication that this decoration, which is older than our country, is about to be removed without discussion.
>
> At a time when we are so desperately attempting to keep this country together and survive a series of economic crises, why should we remove another link with our past?
>
> Presumably other decorations bestowed by a monarch—the George Cross and the George Medal—are also being removed quietly, or are on some shopping list of items to be relegated to the ash bin of history.
>
> The next step, and I hesitate to give ideas to politicians unnecessarily, would be to remove any connection with royalty from our famous regiments and battalions . . .
>
> If our forces are to shed their traditions, I suggest that Parliament set the example by dispensing with the Sergeant-at-Arms, Black Rod, the Mace, and all the other traditional trappings of this political rabble who know the price of patronage, but little of the cost of hard-won military traditions.
>
> What can one expect of a government that excludes the merchant marine from some veterans' benefits or recognition for service in the North Atlantic in the Second World War? . . .
>
> If the present attempt to substitute the Victoria Cross is a military initiative, which I doubt, it should be denied. If it is a political strategy, which I suspect, it should be damned.

● (1600)

Honourable senators, recently a group of veterans representing the three largest veterans organizations comprising some 500,000 to 600,000 members made a submission to the Minister of Veterans Affairs which included a section on honours and awards, and which contained the following.

> Our veterans are concerned not only about the lack, by the Canadian government, of tangible and demonstrable recognition for their participation in the various operations and campaigns, but also the reality that the Canadian government is intentionally minimizing the intrinsic value of the highest award for valour that a Canadian serviceman could win, that is, the Victoria Cross.

May I remind honourable senators that those are not my words. They are the words of the leaders of a majority of veterans who are good friends of the Minister of Veterans Affairs.

The historic and intrinsic value of the Victoria Cross is being denied to our veterans in particular and to Canadians in general.

The Department of National Defence, in concert with the Chancellery, recognizing the absence of awards for military valour, have initiated as a submission for three awards currently designated as the Canada Cross, the Star of Military Valour and the Medal of Military Bravery.

This submission was produced without any consultation with, or any input from, Canadian veterans or other interested parties. The submission appears to have been produced as an expediency to fill a gap in the Canadian honours and awards system.

They recommended that the Victoria Cross be repatriated to Canada and issued by the Queen of Canada, and that it be installed without name change as the special status and highest award for courage or bravery in the Canadian honours system ahead of the Cross of Valour.

Honourable senators, I want to read from a letter of Colonel John Weir Foote, a Victoria Cross winner. He earned his VC at Dieppe on August 19, 1942. I want to read from his letter because I became a good friend of his. Let me first read part of the citation:

> Then, at the end of his trial by fire, he climbed from the landing craft that was to have taken him to safety, and walked courageously into the German positions, that he might be taken prisoner and so to minister to those men whose fate for the next three years was to be barbed wire and chains.

He wrote to me and it happened to be around the time when we were examining the National Film Board's production of "The Kid Who Couldn't Miss." He said, in part:

> I was glad to see that it was only the Senate that stood up to the National Film Board re: the Billy Bishop story and the members of the Commons let them get away with it.
>
> The Board seems determined to keep the original film alive by refusing to withdraw and disclaim the original film.
>
> Senators have proven that the Senate can be a vital and useful part of government.

I have that letter which will remain in my possession as long as I live.

He also enclosed a copy of Air Marshall W. A. Bishop's decorations and medals, and of course the VC is on the left side. Unfortunately, I cannot pass these around, honourable senators.

We should hark back to another pilgrimage to Italy. I noticed in the press review a picture of our delegation standing with His Holiness the Pope. It brought back memories, and set me wndering just what we think of our past heroes, our awards, and our battles and the deaths and the sacrifices. His Holiness greeted the vets who were in the standard uniform of blue blazers and grey flannels, and then he came down and shook hands with them individually. He said:

> Some of you are returning to places where you were personally involved in the tragic events of the Second World War. May this be a time of serene reflection for you, in which you recall the experience of those years in the light of the progress which has been made since then in building a more just and peaceful world.

Honourable senators, in that battle in Italy, there was Colonel John Mahony who received his VC for action at the Melfa River in Italy. John Mahony served in Newfoundland after the war as a senior officer and he was a good friend of mine.

One of the two remaining heroes, Ernest Alva "Smokey" Smith, who was on many pilgrimages with us to the battle fields, received his VC for a battle on the Savio River in Italy on October 21-22, 1944.

The Hon. the Speaker: Senator Marshall, according to our rules, you have been more than 15 minutes. Of course, as usual senators may wish to waive the rules.

Hon. Senators: Agreed.

Senator Marshall: One of the most striking letters I have and wish to read about the Victoria Cross was from Paul Triquet, who won his VC in Casa Berardi in Italy. I want to read a reference to him from a good friend of veterans and a good friend of the military, a life president of the Royal Commonwealth Society, a past president of the Royal Canadian Military Institute and of the Empire Club of Canada. He stated the following in a letter to the Right Honourable Prime Minister:

> May I draw to your attention a matter of great concern to the Loyal Societies and to many Canadian citizens.
>
> These are not exclusively English speaking anxieties and I can remember when Brigadier General Paul Triquet, VC and I were members of the Suttie Commission that he told me of the immense pride of French Canada in his winning of the Victoria Cross whilst fighting as a warrant officer with the R22nd Regiment in Italy. In these times of great constitutional unrest which seems to threaten the very fabric of our beloved country I would hope that you as Prime Minister would make a noble gesture to the Military of Canada and enshrine the Victoria Cross of Canada as the recognition for valour in the Canadian Order of Military Merit. This would be overwhelmingly important because the first Victoria Cross winner was Lieutenant Dunn, a Canadian volunteer from Toronto, who won it in the Crimean War.

He also said:

> The motto of Paul Triquet's Regiment is "Je me souviens"- I remember - which reminds all Canadians of the glories we have shared. By following that motto, the Prime Minister will be using his considerable powers of reconciliation to remind us of our noble history in Canada's wars of freedom. Canadians would be grateful to him for enshrining the Victoria Cross of Canada in our Canadianized system of honours and awards!

I should not forget Lieutenant Colonel Charles Merritt, who won his VC at Dieppe and who is one of three living heroes

still with us: and Fred Tilston, who won his VC at the Hochwald in Germany.

Honourable senators, in a few days we will be commemorating 50 years after the war in Hong Kong. There was another VC there, John Robert Osborn. The following is a short excerpt from part of his citation:

> The Company was . . . completely surrounded by the enemy who were able to approach to within grenade throwing distance of the slight depression which the Company were holding. Several enemy grenades were thrown which . . . Osborn picked up and threw back. The enemy threw a grenade which landed in a position where it was impossible to pick it up and return it in time. Shouting a warning to his comrades this gallant Warrant Officer threw himself on the grenade which exploded killing him instantly.

The British named a barracks after John Osborn at Hong Kong.

Honourable senators, I will finish by reading the resolution on the Motion to Restore the Victoria Cross to The Order of Military Merit by The Royal Commonwealth Society, the National Council in Canada. Without reading the preambles, it is as follows:

• (1610)

> Therefore be it be resolved by the members of the National Council of the Royal Commonwealth Society that our Chairman should petition the Prime Minister of Canada, the Rt. Hon. Brian Mulroney, to restore the Victoria Cross as an award to be made to members of the Canadian Armed Forces "For Valour" as a Canadian award within the Canadian Order of Military Merit.

That letter was dated June 3, 1985, six years ago.

Honourable senators, in my inquiry, I mentioned that I would ask for a reference to the Subcommittee on Veterans' Affairs, but I do not think I have to do so. In our mandate, which has already received unanimous agreement by the Senate, I can deal with all matters and examine all matters related to veterans affairs. I intend to examine the award of the Victoria Cross and to retain it as our own Canadian heroism award.

Hon. M. Lorne Bonnell: Honourable senators, concerning the inquiry of the Honourable Senator Marshall, I support what he has had to say. I bring to the attention of this house that great Prince Edward Islander by the name of Frederick Thornton Peters.

Frederick Thornton Peters was the only Prince Edward Islander ever to win the Victoria Cross. He is among the most decorated of all Canadians. Few have ever won the three highest British Commonwealth decorations for bravery. No one else ever won, in addition, the highest award for valour conferred by the United States of America on a non-American. It is also exceedingly rare that decorations for bravery such as these are won in two world wars a quarter of a century apart.

Frederick Thornton Peters was a Canadian serving with the Royal Navy. He was born in Charlottetown, Prince Edward Island, the only Islander ever to win the Commonwealth's highest honour for personal bravery.

Captain Peters never received his Victoria Cross with bar nor his Distinguished Service Cross from the United States. He died in action in an airplane crash on his way to Great Britain five days after the action at Oran Harbour, during World War II North African landings, which brought him his major decorations.

Captain Peters' medals are now for sale. The price is $100,000. There is a volunteer committee on Prince Edward Island at the present time under the distinguished patronage of Her Honour Lieutenant Governor Marion Reid; The Honourable Joseph A. Ghiz, QC, Premier of Prince Edward Island; Brigadier General John E. Ready, the Mayor of Charlottetown; Commander John Angus MacLean, former Premier, former Member of Parliament, PC, DFC; and Vice Admiral James C. Wood, CMM, CD. These patrons are trying to return this medal to Prince Edward Island where Mr. Peters received the distinguished Victoria Cross with the bar.

To me, it seems a sad day when we are doing away with the Victoria Cross. I would like to say to any members of the Senate or any citizens of Canada who wish to contribute to this fund that they can do so by contacting Jack McAndrew in Prince Edward Island at Post Office Box 2703, Charlottetown. I am quite sure that any contributions you might want to make to Prince Edward Island to help return this medal to its province would be appreciated by all.

I hope that Senator Marshall's review of the Victoria Cross before the Social Affairs, Science and Technology Committee will be investigated and that we can keep the Victoria Cross as our highest honour in Canada, because I believe it is a shame to see it leave considering the history that lies behind it.

Hon. Stanley Haidasz: Honourable Senators, I would also like to participate with just a few remarks on this debate. I am glad to see Senator Roblin in his place. I would like to bring to the attention of honourable senators that a Winnipegger, Andrew Mynarski, died in his burning plane saving three other co-pilots, and he was also posthumously awarded the Victoria Cross.

Hon. Duff Roblin: Honourable senators, if we are discussing the rewards and decorations in my city, I bring to the attention of honourable senators the fact that one of our streets formerly called Pine Street was rechristened Valour Road, because, if my memory is correct, three Victoria Cross winners resided on that street. These awards were made during the course of World War I.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On the same subject, Senator Roblin is absolutely correct. There were indeed three Winnipeg Victoria Crosses. As Senator Haidasz has pointed out, Mynarski was also a Winnipeger, and there is a school now named in his honour. Senator Marshall commented on Sergeant Major Osborn. He, too, was

a Winnipegger, and we have an arena in the city of Winnipeg named after Sergeant-Major Osborn.

The Hon. the Speaker: As no other honourable senator wishes to speak, this inquiry is considered debated.

PRIVILEGES, STANDING RULES, AND ORDERS

MOTION TO SUSPEND RULE—SPEAKER'S RULING—MOTION REMOVED FROM ORDER PAPER

On Motion No. 7:

> That pursuant to rule 3 which supports practice, and based on rule 2 for the maintenance of privilege, as it is a matter of universal privilege, and of profound constitutional significance, therefore the Senate's vote upon order No. 2 under Other Business, being a resolution to rescind the adoption of the present rules as resolved on June 18, 1991 with less than two-thirds majority at that time, in contravention of then-rule 47(2), will be resolved in the affirmative, though without thereby setting a precedent of general practice, if a simple majority of voting Senators assent.

The Hon. the Speaker: Honourable senators, last Thursday I informed the chamber that I would take under advisement the procedural acceptability of Motion No. 7 standing in the name of the Honourable Senator Haidasz. The chair has examined the said motion and feels that because it relates to a motion referred to in the motion as Order No. 2 under Other Business, which has now been dropped as it had not been proceeded with for 15 sitting days pursuant to Rule 28 (3), Motion No. 7, as it now stands, is not comprehensible and should therefore be removed from the Order Paper.

Senator Haidasz will note that he is at liberty to bring another notice of motion before the Senate in its corrected form at any time, which of course he did yesterday.

Hon. Stanley Haidasz: Honourable senators, on a point of clarification, I would request some explanation of why my order was dropped as of a few moments ago, whereas in the name of the Deputy Leader of the Opposition this motion was kept standing since last June. I would like to know how the days are counted for someone adjourning a debate and for someone who has a motion on the Order Paper. For example, are we counting the motions on the Order Paper in chronological order or according to Senate sitting days, or does it just go by the five days from Monday to Friday on the calendar?

The Hon. the Speaker: It is sitting days, honourable senator.

Senator Haidasz: Well, then, my office yesterday received the wrong information from someone representing the Chair, because my legislative assistant was told that a motion is counted even on Mondays and Fridays when the Senate is not sitting.

The Hon. the Speaker: That is not quite correct, senator. It is sitting days.

Motion removed from Order Paper.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 5, 1991

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

Prayers.

SENATORS' STATEMENTS

PENITENTIARIES

CALL FOR INQUIRY INTO SASKATCHEWAN HOSTAGE-TAKING INCIDENT

Hon. Earl A. Hastings: Honourable senators, I desire to make a brief statement with respect to the hostage-taking incident at Saskatchewan Penitentiary on March 25 and 26.

I have investigated the circumstances of this incident and to that end I have carefully reviewed the transcript of evidence of the coroner's inquest held at Prince Albert on May 14 and 15, 1991.

I have had the opportunity of pursuing a somewhat restricted version of the report of the Internal Board of Investigation by the Correctional Service of Canada which examined the circumstances of the incident. In addition, I have interviewed officials at national headquarters of the Correctional Service of Canada. Finally, I was able to have discussions with correctional officers and inmates, including Mr. Jim O'Sullivan, the Warden of Saskatchewan Penitentiary, and Shawn Murray, the surviving hostage-taker.

As a result of my efforts to date, I am convinced that a further inquiry is necessary to clarify in the public domain exactly why lethal force was resorted to in resolving the hostage- taking incident which resulted in two deaths.

There are two main grounds on which I make this submission, namely:

(1) No credible reason has been given for the failure to fire warning or wounding shots prior to the use of lethal force.

(2) There is an abundance of evidence that the hostage-takers may have been severely disabled or incapacitated by teargas prior to any shots being fired.

Mr. T.V. Taylor, the Commander in charge of the Emergency Response Team during the whole of this incident, emphasized in his testimony at the inquest that the usual accepted procedure in any hostage-taking occurrence was first to fire a warning shot, and then a wounding shot, before lethal power was authorized.

Before firepower is even considered, however, Mr. Taylor acknowledged that the invariable practice is to use tear-gas in order to attempt to incapacitate the hostage-takers.

A graphic description was then provided by Mr. Taylor as to the effect of the gas on individuals in the room where the hostage-taking was in progress. These individuals consisted of three inmate hostage-takers, a correctional officer hostage and an inmate hostage.

There were numerous gases available to Mr. Taylor, but the substance chosen by him was an extremely powerful substance, described as a "CN tear-gas", applied with an Israeli gas fogger which, according to Mr. Taylor, "gives a very fine concentration of gas that reacts very very quickly (and) irritates the eyes, any wet portion of the body, and makes it difficult to see."

A "one-second" burst of this gas would have an "instant reaction" on anyone in the room in which the hostages were confined.

Mr. Taylor went on to describe in some detail how the gas overcame the hostage guard. He also testified that the inmate hostage-taker Warriner was severely disoriented by the gas immediately before he became the victim of the second fatal shot.

The Hon. the Speaker: Senator Hastings, as you know, we have a rule of three minutes. As usual, you may wish to ask for leave to extend.

Hon. Senators: Agreed.

Senator Hastings: Mr. Blake Peters, the mental health coordinator at the penitentiary, who was active in the negotiations with the hostage-takers, and who also testified at the inquest, was equally dramatic in his description of the effects of the gas. Its effect on an individual, said Mr. Peters, was "basically to immobilize their visual senses and sort of immobilized them so that they cannot navigate very well." According to Mr. Peters, it "reacts instantly" and is "very potent." In subsequent discussions, I have confirmed that the reaction of the gas would be instantaneous with a very significant resulting effect on the occupants in the room in question.

It is obvious that the deceased hostage-taker McDonald took the full force of the blast of the teargas, leading to the inevitable conclusion that he could have been severely disabled and completely disorientated prior to the fatal shots being fired. It is common cause that the only shots fired were the lethal ones, with no warning or wounding shots ever taking place.

In summary, there is a strong and, indeed, almost irresistible, inference that lethal firepower was utilized after it became clear, or should have become apparent to the Emergency Response Team, that the discharge of the teargas had accomplished its stated purpose. By incapacitating or immobilizing the hostage-takers, it prevented the likelihood of further serious harm. If force of arms was still considered necessary, it should have been obvious that a warning shot would almost

certainly have brought this most regrettable—and deplorable—episode to an end.

The actions of the inmate hostage-takers were reprehensible in the extreme, but I am persuaded that the proper application of established procedure would have avoided a tragic loss of life.

Honourable senators, I believe that the full and true facts of this unfortunate occurrence can emerge only through the medium of a full and open investigation. I respectfully call upon the Governor in Council to give serious consideration to causing such an investigation pursuant to the Inquiries Act.

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

APPEARANCE OF GROUP OF 22—ABSENCE OF NEWS COVERAGE BY CBC

Hon. Efstathios William Barootes: Honourable senators, this morning the Special Joint Committee on a Renewed Canada was meeting in Ottawa, and it was a rather memorable meeting. Appearing before them was the Group of 22, whose fame across Canada on constitutional matters is well known. A committee from that group was present, consisting of the Honourable Maurice Sauvé, the Honourable Allan Blakeney, the former Premier of Saskatchewan, the Honourable Bill Davis, former Premier of Ontario, Professor Kathleen Mahoney of Calgary, Mrs. Sherk from Newfoundland who is on the Economic Council of Canada, and Mr. Harrison McCain.

I found it deplorably surprising that although all the television networks were present, the CBC chose this morning to show some court case in Florida, an alleged rape, on their *Newsworld* program, although they had been warned in advance about the appearance of these rather famous people before this committee. I think it is to be protested that our national unifying network of television saw fit to show coverage of a rape trial in Florida rather than something that could be of use and value to all Canadians. I bring it to the attention of this house.

VIOLENCE AGAINST WOMEN

SECOND ANNIVERSARY OF TRAGEDY AT L'ÉCOLE POLYTECHNIQUE

Hon. Joyce Fairbairn: Honourable senators, tomorrow is the second anniversary of a sad and dramatic event in our country—the murder of 14 women engineering students at l'Ecole Polytechnique in Montreal. As we will be recessed tomorrow, I wanted to say a few words of remembrance today about these young women.

● (1410)

We never will forget them: Genevieve Bergeron, Hélene Colgan, Nathalie Croteau, Barbara Daigneault, Anne Marie Edward, Maud Haviernick, Barbara Marie Klueznick, Maryse Laganiere, Maryse Leclair, Anne-Marie Lemay, Sonia Pelletier, Michelle Richard, Annie St. Arneault, and Annie Turcotte. They were deliberately segregated from their male colleagues by a deeply disturbed man who expressed his hatred for feminists as he gunned them down and then killed himself.

Absolutely nothing can compensate for those deaths. Nothing can wipe away the anguish and the loneliness from the families and the friends who had shared the lives of these young women and had hoped to share their futures.

The sheer brutality of this act has forced a national awareness of the reality of violence against women, a reality that women of all ages in Canada understand but, for too long, suffered in silence. We all know the statistics. I will mention only two. One in ten women is assaulted by her male partner; 62 per cent of women murdered in Canada are victims of domestic violence, and guns are the single most common cause of death in cases of spousal murder.

We remember our young women from l'École Polytechnique, but the list goes on. It did not stop there. We have Patricia Allen, who was cruelly killed with a crossbow here in Ottawa only two weeks ago; and only last week, the headlines in Toronto were of a young woman assaulted, raped and beaten while jogging in broad daylight.

Across this country, all levels of government have been responding to this issue. There have been task forces, committees, and study groups. We have a strong federal panel on violence against women, which will report next year. The media has focused not just on violence and on death, but on other insidious forms of abuse in terms of sexual, psychological, emotional harassment and discrimination. We in this Parliament also have a strong recommendation from a House of Commons committee which tells us what we can do to deal with shelters for battered women and their children, education programs against gender discrimination and violence to be carried out in our schools, and tougher public censure for those who have these attitudes.

We have developed, and I say "we," important public allies. I look around me in this House, and you are wearing white ribbons in support of the White Ribbon Campaign this week. Men have publicly come together across this country in support of action against violence against women. As well, they have initiated discussions amongst themselves to better understand the attitudes that prompt this behaviour.

This afternoon, we in this House have a chance to take an enormous step forward. We have a bill which will be reported, Bill C-17 on gun control. We have an opportunity, honourable senators, to show our commitment by passing that bill. It would be a fitting tribute to tomorrow's day of remembrance and action.

Hon. Senators: Hear, hear!

[Senator Hastings.]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

APPEARENCE OF GROUP OF 22—NEWS COVERAGE BY CBC

Hon. William M. Kelly: Honourable senators, I wish to associate myself with the comments made by Senator Barootes having to do with the meeting of the Group of 22 that took place this morning. I would, however, wish to point out to honourable senators that, although I am not a fan of the CBC, CBC *Newsworld* did televise total coverage of what took place for almost an hour and a half, and questions were asked and responses were made.

[*Translation*]

EXCISE TAX ACT EXCISE ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, December 5, 1991

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FOURTH REPORT

Your Committee, to which was referred Bill C-10, an Act to amend the Excise Tax Act and the Excise Act, has, in obedience to the Order of Reference of Thursday, November 26, 1991, examined the said bill and now reports the same without amendment.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

Senator Thériault: Honourable senators, I do not intend to oppose this bill, but I want to reiterate what I have said several times. Speaking as a New Brunswicker, I believe that the governments of Canada and of New Brunswick have gone too far in raising tobacco taxes. They are not taking the measures that I consider necessary to educate young people on the harm done by smoking.

The Hon. the Speaker: Senator Thériault, I believe that you are out of order. You can speak later on the motion for third reading of the bill, at the next sitting of the Senate.

Senator Thériault: Can I not speak?

The Hon. the Speaker: Honourable senator, it is a question of procedure. You do have the right to speak, but third reading has not yet been moved. Wait for third reading, Senator Thériault.

Honourable senators, when shall this bill be read for the third time?

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*English*]

CRIMINAL CODE CUSTOMS TARIFF

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Mabel DeWare, for Hon. Richard J. Stanbury, Deputy Chairman of the Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, December 5, 1991

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FIFTH REPORT

Your Committee, to which was referred the Bill C-17, An Act to amend the Criminal Code and the Customs Tariff in consequence thereof, has, in obedience to the Order of Reference of Tuesday, November 26, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

RICHARD J. STANBURY
Deputy Chairman

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

Hon. Eric Berntson: Honourable senators, I move, with leave of the Senate and notwithstanding rule 59(1)(*b*), that the bill be placed on the Orders of the Day for third reading later this day.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, under the special circumstances, we have agreed to give leave.

Motion agreed to and bill placed on the Orders of the Day for third reading later this day.

CRIMINAL CODE NATIONAL DEFENCE ACT YOUNG OFFENDERS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Mabel DeWare, Acting Chairman of the Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, December 5, 1991

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SIXTH REPORT

Your Committee, to which was referred the Bill C-30, An Act to amend the Criminal Code (mental disorder) and to amend the National Defence Act and the Young Offenders Act in consequence thereof, has, in obedience to the Order of Reference of Tuesday, December 3, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

MABEL M. DEWARE
Acting Chairman

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

On motion of Senator DeWare, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

• (1420)

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before I ask leave to move an adjournment motion, I would explain that there have been discussions with my honourable friend opposite regarding the workload for the next few days, particularly the government's priorities prior to Christmas. It has been agreed, and it is obviously well known to most of us, that we would like to sit on Monday, and perhaps sit on Friday in order to adjourn until the end of January at the earliest, or early February at the latest.

With leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Monday next, 9th December, 1991, at two o'clock in the afternoon.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, leave is granted. I assume that, when the Deputy Leader of the Government says that it will be January or early February, it will be in line with the sittings of the House of Commons.

Senator John Lynch-Staunton: As much as possible, yes.

Motion agreed to.

[Senator DeWare.]

[*Translation*]

INCOME TAX ACT
CANADA PENSION PLAN
CULTURAL PROPERTY EXPORT AND IMPORT ACT
INCOME TAX CONVENTIONS INTERPRETATION ACT
TAX COURT OF CANADA ACT
UNEMPLOYMENT INSURANCE ACT
CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION ACT
CANADA-NOVA SCOTIA OFFSHORE PETROLEUM RESOURCES ACCORD IMPLEMENTATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-18, to amend the Income Tax Act, the Canada Pension Plan, the Cultural Property Export and Import Act, the Income Tax Conventions Interpretation Act, the Tax Court of Canada Act, the Unemployment Insurance Act, the Canada-Newfoundland Atlantic Accord Implementation Act, the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act and certain related Acts.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, December 9, 1991.

[*English*]

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. John B. Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*), I move:

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

If I have leave, I will be more than happy to say a word or two in explanation.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I would like the explanation before leave is granted.

Senator Stewart: Honourable senators, those of us who were in the chamber yesterday will recall that mention was made of a visit to Canada by the independent West Indian Commission under the chairmanship of Sir Shridath Ramphal.

That commission has a very tight schedule. They have a meeting with a member of the government between three o'clock and four o'clock and they have another meeting between six o'clock and eight o'clock. Those of us on the committee wanted to be available to meet them at four o'clock,

unless, of course, there was some pressing business here that absolutely required our attention. That is the purpose of asking for leave to make this motion.

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

Senator Molgat: Under the special circumstances, and reluctantly, we agree to give leave.

Motion agreed to.

[*Translation*]

FISHERIES

WINTER FISHING AT THE ENTRANCE TO THE GULF OF ST. LAWRENCE—NOTICE OF INQUIRY

Hon. Jean-Maurice Simard: Honourable senators, I give notice that on Tuesday next, December 10, 1991, I will call the attention of the Senate to an issue of concern for our fellow citizens from Atlantic Canada, namely winter fishing by offshore fleet at the entrance to the Gulf of St. Lawrence.

[*English*]

INTER-PARLIAMENTARY UNION

EIGHTY-SIXTH INTER-PARLIAMENTARY CONFERENCE, SANTIAGO, CHILE—NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, I give notice that on Tuesday next, December 10, 1991, I will call the attention of the Senate to the Eighty-sixth Inter-Parliamentary Conference held in Santiago, Chile, from October 7 to 12, 1991.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present a petition signed by 13 young citizens from Sydney and Glacebay, Nova Scotia, who deplore the fact that young Canadians who have left home, pay taxes and are under 19 years of age cannot avail themselves of the GST credits.

They ask the Senate to urge the government to correct this unfair situation.

I also have the honour to present a petition from 200 young citizens from Windsor, Oshawa, Kitchener, Tecumseh, Burlington, Mississauga, Sarnia, Sault Ste. Marie, St. Catherines, Scarborough and Hamilton, in Ontario, who deplore the fact that young Canadians who have left home, pay taxes and are under 19 years of age cannot avail themselves of the GST credits.

They ask the Senate to urge the government to correct this unfair situation.

● (1430)

QUESTION PERIOD

[*English*]

BUSINESS OF THE SENATE—REQUEST FOR DELAYED ANSWERS

Hon. H. A. Olson: Honourable senators, in view of what the Deputy Leader of the Government said a few minutes ago—to the effect that we will be sitting all of next week, including Monday and perhaps Friday, and then will adjourn until some five or six weeks later, can he give us an undertaking to bring us answers to all of the questions of which he has taken notice so that we will have them before we recess?

Hon. John Lynch-Staunton (Deputy Leader of the Government): If that is the only question I have today, Senator Olson, I certainly will.

FOREIGN AFFAIRS

ARMENIA—RECOGNITION OF INDEPENDENCE—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, I realize that we cannot get an answer to this question today, but could the deputy leader undertake to get an answer at an early date to the question: Why has Canada not yet recognized the independence of Armenia, and when will Canada recognize the independence of Armenia?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I will make every attempt to bring in an answer next week.

CANADIAN BROADCASTING CORPORATION

DELAYED COVERAGE OF CONSTITUTIONAL DEBATE—RESPONSIBILITY TO PUBLIC—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Deputy Leader of the Government in the absence of the leader, and it follows up on the statement made by Senator Barootes. I had intended to ask during Question Period why the CBC chose to show an American trial instead of showing what is most important to Canadians, the Constitutional debate and the emminent people who appeared before the Joint Committee on a Renewed Canada this morning. I realize that Senator Kelly has explained that it was shown later, but surely from a Canadian standpoint it would be important to show the proceedings live. Would the deputy leader undertake to get that message to the CBC and obtain from them an answer on how they see their responsibilities vis-a-vis the Canadian public?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I think everyone will have noticed that Senator Barootes' statement ended with applause on both sides, so both sides are anxious to have that answer.

CANADIAN NATIONAL RAILWAY

FREIGHT SERVICE TO BE ROUTED THROUGH UNITED STATES—EFFECT ON EMPLOYMENT

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a further question for the deputy government leader regarding a news report that I am told was given this morning on radio station CJOB in Winnipeg. This news report indicated that the President of the CNR, Mr. Lawless, had sent a memo last Wednesday to senior CN officials stating that a new north American freight service would be set up by CN, headquartered in Detroit of all places, and that they would proceed to move more CN freight over U.S. lines. Apparently this would be accomplished by having freight leave Canada at Fort Francis in northwestern Ontario, bypass Thunder Bay, and eventually end up in Montreal. A large part of the circuit would be on American lines which, I presume, are owned by CN, but which, nevertheless, means less employment in Canada.

Can the deputy leader undertake to get a report on this matter from the Canadian National Railway?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I certainly will.

LEBANON

STATUS OF CANADIAN HOSTAGE—REQUEST FOR INFORMATION

Hon. Heath Macquarrie: Honourable senators, like all Canadians I am sure, I am rejoicing in the developments on the release of the hostages. Also I am a little distressed to hear from time to time in the media that there are only two western hostages still in detention, two people from Germany, knowing that there is, in fact, a Canadian lady under duress in Lebanon. I wonder if the acting leader, who handles his duties so very well, will ascertain for us what is the status of Mrs. Haddad and what the Canadian government can indicate as to the future prospects for the release of this Canadian citizen?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I did read in the *Hansard* of the House of Commons of yesterday that a similar question was answered in the following way, that the Canadian government has made every effort through all the channels available to it to trace where Mrs. Haddad might be, and so far to no avail. The sources available are those well-known for their involvement in such disappearances. I will try to get a full answer for next week.

BUSINESS OF THE SENATE

STATUS OF DELAYED ANSWER

Hon. M. Lorne Bonnell: Honourable senators, I would like to ask the Leader of the Government in the Senate a question regarding procedure. Yesterday, I raised a question of privilege on the fact that a Delayed Answer to a question was not the real answer to the question asked, but another answer concerning the fixed link. Today I see in *Hansard* the answer to the question of November 19. How did this answer get in the *Journals* of today when it was never mentioned in this house yesterday. How did that happen?

[Senator Lynch-Staunton.]

Senator Barootes: It is called magic.

Senator Bonnell: I thought that the *Journals* reflected what went on in the house. Apparently the *Journals* are reflecting things that take place outside the house. How does this answer get in there without any explanation from the Leader of the Government or the Deputy Leader of the Government as to who made the mistake, where the mistake was made and how come this happened? All of a sudden the answer appears in yesterday's *Hansard*.

Senator Hastings: They just do what they want.

Senator Lynch-Staunton: Honourable senators, I spoke to a member of the clerk's staff this morning asking the same question and I am waiting for the answer.

While I am on my feet, I am very sorry that Senator Bonnell has not asked me where the Leader of the Government is. Assuming that he would still like to know, I would like to tell him that he is on government business in P.E.I. which should reassure him that the error on the map was a real error, that P.E.I. still exists—

Senator Molgat: Will he guarantee the fixed link?

Senator Lynch-Staunton: —and the honourable senator can feel confident that he can fly in there this weekend.

Senator Bonnell: Honourable senators, I did not intend to ask the question today but since I have been told the answer to it, let me say that he is doing nothing in Prince Edward Island today he could not do tomorrow.

Senator Roblin: Some people are hard to please!

● (1440)

Senator Bonnell: I hope when he is there he will explain to the Premier and the people of Prince Edward Island why, when they go to trade conferences and la Francophonie conferences, they drop Prince Edward Island off the map.

I also hope when he is there that he will tell the people of Prince Edward Island that they will soon receive money for the loss of their potatoes to the PVY-n virus.

I also hope that he will tell them that the headquarters for the fixed link will be in Prince Edward Island, otherwise it will not be built.

FISHERIES AND OCEANS

ST. PIERRE AND MIQUELON—STATUS OF NEGOTIATIONS WITH FRANCE

Hon. Eymard G. Corbin: Honourable senators, yesterday I asked the Leader of the Government for information about our discussions with France on the fishing rights off St. Pierre and Miquelon.

I noted with some attention the comment made by the deputy leader with respect to the absence of Prince Edward

Island on that map. In case Senator Murray thought of flying from Prince Edward Island today to St. Pierre and Miquelon to find the answer to my question, perhaps the honourable deputy leader would give him a call and tell him that the islands of St. Pierre and Miquelon have also been left off that map.

Is there an answer to my question about the fishing rights?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have no answers about the fishing rights.

However, I can add that Anticosti Island and the Magdalen Islands have also been left off, so we are all wondering who our cartographers are.

UNITED NATIONS

FORTY-SEVENTH ANNIVERSARY OF ADOPTION OF UNIVERSAL DECLARATION OF HUMAN RIGHTS—NOTICE OF INQUIRY

Leave having been given to revert ot Notices of Inquiry.

Hon. Joan Neiman: Honourable senators, I give notice that on Tuesday next, December 10, 1991, I will call the attention of the Senate to the Human Rights Day marking the 47th anniversary of the adoption by the United Nations of the Universal Declaration of Human Rights.

CRIMINAL CODE
CUSTOMS TARIFF

BILL TO AMEND—THIRD READING

Hon. Eric Berntson moved third reading of Bill C-17, to amend the Criminal Code and the Customs Tariff in consequence thereof.

Hon. Joyce Fairbairn: Honourable senators, I urge this house to pass Bill C-17 on gun control this afternoon. I believe it should become the law of Canada as quickly as possible. This is not only a question of passing another piece of legislation; it is a question of the credibility of this Parliament and this chamber to clearly indicate to Canadians that we have heard and we have listened to their fear, their anger and their grief about the toll that violence is exacting within our society—violence against women, violence against men, violence against young people, seniors and children, and supreme violence spawned by internal turmoil and despair that leads to suicide.

This bill is flawed, and I think everyone who has studied it knows that. It needs future amendments.

This bill will not end violence. The Minister of Justice knows that. All of the witnesses who appeared before the Senate committee on Legal and Constitutional Affairs know that. All of us who listened to them know that. And sadly, those who spoke on behalf of victims lost through violence, and survivors of violence themselves, all know that.

Honourable senators, this bill will help. It attempts to control a major tool of violence: the gun. It will place restrictions on the acquisition of firearms, the types of firearms that are permitted, the competence required to use them, and the security under which they are stored.

The fundamental principle of this bill as stated by the minister is public safety. It is based, as most of us know, on a rather hard-fought compromise, particularly over the last two years in the House of Commons. Debates within party caucuses and the house itself, both achieved high levels of tension, frustration and emotion. Changes were made, and changes were refused in an effort to balance an individual's right and society's right to be protected. As well, there was a political compromise in the House of Commons that ultimately produced the legislation that we see here this afternoon.

The effort to achieve this balance began with the first gun control legislation which was passed back in 1978, and which has remained unchanged until today. Bill C-17 is an attempt to plug some loopholes and make some advances.

● (1450)

Central to the bill is the limitation on access. The screening process for those applying for firearms acquisition certificates has been tightened. The minimum age has been increased from 16 years to 18 years. There is a mandatory waiting period of 28 days before a certificate may be issued. Applications must be guaranteed by two references, and a photograph is required for the certificate. Competence to use a firearm safely and an understanding of the law and of storage precautions will be part of some kind of test. Applicants will be charged a fee to try to maintain a self-financing system of certification. Limits will be imposed on the extent of allowable firepower that a gun can produce.

This certification process is also designed to reduce the opportunity for criminals and potential criminals to gain lawful access to guns, and it is an attempt, and I stress the word attempt, to make it much more difficult for potential offenders to steal guns from legitimate firearms owners for sale on the black market or for other criminal purposes.

Finally, the bill will increase the use of prohibition orders. The minister in her testimony emphasized the examples of domestic violence, of conditions of bail for persons charged with a violent offence, and of peace bond applications and offenses involving drug trafficking and importing.

The length of possible sentences for possession of or importation of a prohibited weapon and possession of any firearm in contravention of a court-imposed prohibition will be increased.

Is all this too much or not enough? Will it work, and is it worth doing?

Those are the questions that were discussed with us by the witnesses before the Legal and Constitutional Affairs Committee.

Those associations who represent Canadians who use firearms for sport or recreation felt the bill should be amended. They did not feel it would meet its public safety objectives, and they felt there were unwarranted or unworkable restrictions on

the rights of individuals to buy and operate their firearms in a reasonable and responsible manner. They felt the issue required amendments to the Criminal Code rather than reliance on government and bureaucracy to work through the process of regulation.

Some witnesses felt the bill violated the Charter of Rights and Freedoms and predicted it would be tossed out within the next two years through court challenges. Clearly, the minister rejected that view, as did witnesses for the Canadian Bar Association. Others were concerned about the constraints the bill would place on special groups, such as gun collectors and young people involved in acquiring expertise in marksmanship with firearms. Now, these groups uniformly supported the motivation of protecting society against the violence erupting from abuse or carelessness or malicious or criminal intent in the use of firearms, but they felt the proper balance had not been struck in this bill.

They urged amendments now which would send the legislation back to the House of Commons and indeed probably back to the drawing board in the Department of Justice. They felt the contentious nature of the politics surrounding gun control would mean that it would be a very long time before any government would come forward with new legislation containing the kinds of amendments that they felt were necessary.

Then, honourable senators, we heard from those who do not believe the bill goes far enough. They were the voices of the 80 per cent of Canadians who support tougher gun control laws.

The Coalition for Gun Control represents the police chiefs of Canada, as well as local associations, women's associations and care centres against assault and violence, mayors and reeves from cities and towns across this country, boards of health, hospitals, health centres, universities, churches, unions, boards of education, lawyers and doctors. And the list goes on.

Individual witnesses also came in person — mothers and fathers who have lost daughters and sons, and students who have lost friends.

One witness was Madame Suzanne Laplante-Edward, whose daughter Anne Marie was killed at l'École Polytechnique on December 6, 1989. Madame Laplante-Edward has worked tirelessly on behalf of the victims of Polytechnique for gun control, and particularly for the issue of truly effective safe storage of firearms. She wants us to recommend strong regulations and substantial changes to the minister's advisory committee on firearms so that that forum may receive strong representation by experts with experience in suicide, in family deaths and in accidents as opposed to submissions from mainly gun users, merchants and owners.

Another was Mrs. Patricia de Villiers, whose daughter Nina was killed by a single gunshot wound to the head after she disappeared while jogging last August in Burlington. Police have linked her death to a man who was out on bail having been charged with assault, forceable confinement involving threats with a gun and a knife, as well as uttering death threats following an attack on a Hamilton woman. He had been carrying a gun in his car when he was stopped at the border and sent back into Canada still in possession of the gun the night of Nina's murder. He killed himself with that same gun. Had this bill been in effect, there would have undoubtedly been a firearms prohibition in his bail conditions. Mrs. de Villiers told us to pass the bill and to urge that gun ownership be made impossible for those who pose a risk to society.

Mr. John Bickerstaff told us about losing his teenage son, who was killed during an accident with a gun while at the home of a friend whose parents were away on vacation. One of those parents was a police officer whose gun was in the house unsafely stored. Mr. Bickerstaff told us the number one priority must be the protection of the public and noted that gun owners and users, even policemen, are not experts in safe firearms storage.

Eric Sirois was at our meeting yesterday. He had to be helped to the microphone because he is blind, and he is blind through a suicide attempt when he was having difficulty during his teenage years. After a troubled and unfortunate evening, he found himself at home with a headache. While looking for an Aspirin, he found a firearm. He tried to take his life, and he lost his eyesight. He told us, "If that firearm had been in a safe place, it would not have happened."

● (1500)

We heard from Heidi Rathjen, the President of l'Association des Etudiants de Politechnique, who has spearheaded a gun control campaign, including a petition signed by some 600,000 Canadians urging some of the measures which are contained in this bill, but many others which are not.

Heidi graduated from l'École Polytechnique in 1990, and she reminded us that the man who came into the school on December 6, 1989, had legally acquired a Ruger mini 14 and two cartridge magazines. He shot 27 people, and 14 of them were the women who died. The passage of this bill would be a great tribute to her efforts and those of her fellow students who will now continue to push for tougher changes affecting registration testing, storage, certification for acquiring ammunition, stronger prohibition orders involving offenses on violence and drug trafficking, as well as no grandfathering of converted automatics.

Honourable senators, we heard from Dr. Rey Brown, who helped treat the wounded from Polytechnique who survived, but he is haunted by the 14 who died. He implored us to pass the bill as it is, noting simply that "guns are made to kill."

We heard from other doctors and lawyers from Alberta and Quebec who urged us to pass the bill and to help battle against suicides which play such a tragic role, particularly in the lives of young Canadians.

All of these concerns were included and expanded upon in the presentation of the Coalition for Gun Control headed by Wendy Cukier. The committee asked her for suggestions which we could convey to the minister while regulations are being drafted, and also recommendations for future amendments because, honourable senators, this bill, if it passes this afternoon, is not by a long shot the end of the issue. It is a

foundation upon which we must build, not many years from now, but steadily.

When the committee agreed last night to report the bill without amendment, it also pledged itself to write a letter to the Honourable Kim Campbell next week outlining the priority suggestions from our witnesses so they will have some influence in the days ahead. The minister's officials told us last night that as soon as the bill passes, they will begin working through the holiday season on regulations. Some will be very complex and will require extra time, but the officials estimated that a large number of the regulations would be ready by the time Parliament returns from its Christmas break early in the new year.

I urge the House this afternoon to do the job that the witnesses, many of them with reservations, asked us to do. We must pass this bill, because parts of it are urgent. Also, at the moment, it is the strongest response we could give to all those who tomorrow will remember the second anniversary of the Montreal tragedy and all the other lives which have been so cruelly ended by violence with guns.

In a sense, Bill C-17, in a small way, may be the tribute of this House and this Parliament at this time to those who have died and to all of the families and friends who must forever live with their memories.

Hon. Senators: Hear, hear!

Hon. Consiglio Di Nino: Honourable senators, Senator Fairbairn has clearly and eloquently recapped the contents of bill C-17 and the proceedings during the committee hearings. I wish to make a brief statement.

I wish to advise you that my position on this issue is quite extreme and, in addressing the minister, I have referred to it as "unreasonable." Frankly, my heart tells me that I should vote against this bill.

As a very young man, and one of four great white hunters many years ago, I went on a hunting expedition. I shot and killed a rabbit. Well, it is not a big deal for people who like hunting, but that experience had a profound impact on me. I have not had a gun in my hands since that time.

Some years ago, a very dear friend was shot to death by another very dear friend in a hunting accident. I am not sure which one of the victims suffered most.

As Senator Fairbairn has said, guns were only made to kill. Guns were only developed and invented to kill human beings.

Honourable senators, I do not wish to, and will not impose what I have already described as my unreasonable position on my colleagues, but I wish to share with you my reasons for having decided to vote for and support Bill C-17.

You have already heard that during the committee hearings we witnessed, among others, a father whose son was killed in a tragic handgun accident; a mother whose daughter was recently senselessly murdered; a young man, blind because of an attempted suicide. We heard from representatives of the Coalition for Gun Control, and, very touchingly, representatives of mothers and people involved in the horrible murders that happened at l'Écôle Politechnique. All of them, without exception, urged us to pass this bill.

Honourable senators, I will vote in favour of Bill C-17 because I see it as another step, although a small step, towards what I hope and pray will eventually be major changes to gun control legislation in this country, which will result in many lives saved and a safer place to live for my grandchildren.

Hon. Senators: Hear, hear!

Hon. Lorna Marsden: Honourable senators, I am not a member of the committee that heard testimony on this bill, so I am grateful to Senator Fairbairn for her strong, clear and convincing speech on this matter and to the senator opposite for the statement we have just heard.

I wish to ask Senator Fairbairn, or perhaps someone on the government side, to tell us whether the minister or any other member of the government has made a commitment to move towards the next stage. We have just heard a government member who is not convinced by this bill, and many of us share that point of view. As Senator Fairbairn said, 80 per cent of Canadians would like a stronger bill.

Is there any commitment on the public record that the next steps will be taken at an early date?

Hon. Eric Berntson: As sponsor of Bill C-17, and I think this view will be shared by all members of the committee, not only did the minister make a commitment for expeditious follow-up in terms of putting regulations in place, in terms of putting the training and safe storage aspects of the bill in place, but that commitment was put on the record today or yesterday by the officials of the Department of Justice. I think all members of the committee will confirm what I have just said. The commitment is on the public record.

• (1510)

Hon. H.A. Olson: Honourable senators, I hope that we will pass Bill C-17 today for a number of the reasons that have already been stated. I say that even though, as has been pointed out, the bill is inadequate in terms of dealing with some of the problems that we are aware of concerning the lack of provisions dealing with the control of firearms which are presently in the Criminal Code.

I will not try to deal with, or even name, all the inadequacies that were pointed out at the committee hearings I attended. As was pointed out by the Minister of Justice, and I agree with her, this measure is another step in the control of firearms, one which is aimed in particular at the criminal element.

There are one or two items that trouble me about what is left out of the bill. The reason I wish to put those points on the record now is to ensure that the Minister of Justice and senior officials in the Department of Justice, as well as other people who are concerned about this matter, will deal with them when they come forward with amendments in the future. One thing about which they did not seem to be too concerned was that, while some types of firearms are banned or prohibited, other types of firearms may still be purchased legally even after the provisions in Bill C-17 are enacted.

One matter about which no concern was shown regards shotguns which may have a magazine of five shells, plus the ability to hold a shell in the chamber. The reason this disturbs me so much is that a firearm of that type cannot be used anywhere in Canada for sporting purposes, at least not as far as I know. I know, for example, that there is such a provision which forms part of the migratory birds rules which most jurisdictions have agreed to enforce. So, regardless of where Canada geese and ducks may be found, local provincial game laws are such that that type of gun cannot be use. If a hunter is caught in a field with a shotgun that holds that many rounds of ammunition, he will have it confiscated and he will be charged under the hunting laws of the province. Therefore, I cannot see the logic in allowing those kind of guns to be sold. They cannot be used in sporting competitions. At a trap or skeet shooting competition, only two-shot firearms are permitted, usually in a double-barrelled, side-by-side or over-and-under shotgun. If someone does come to one of those shooting matches with a semi-automatic shotgun, there can never be more than two shots in it. Where is the sense in allowing a weapon such as that to be sold in Canada? That is what I cannot understand.

Honourable senators should not misunderstand how potent and lethal is a weapon such as a 12-gauge shotgun, for example, that is loaded with three-inch magnum shells, and which has six shots, is if used as a weapon on people. It is a terribly lethal and potent weapon. One matter that was brought up at some of the committee meetings was that limiting the size of a magazine from whatever it was down to five for a long-gun, and down to 10 as the maximum for a short-gun, or a handgun, is a tremendous improvement. I agree. Make no mistake, honourable senators, a firearm that will hold six shots of the type that I have just described is also a very lethal weapon. There did not seem to be any concern that those are still legal weapons. They can be bought. Yet, they cannot be used for sporting or competitive shooting because they are against the laws of every province. So, why in the name of common sense sell them at all?

Senator Di Nino: To shoot people.

Senator Olson: I am sorry that is the case.

Senator Di Nino: I agree. I am sorry, too.

Senator Olson: I do not think those type of firearms should be around at all. Yet, I know that there are thousands of them out there now because there has not been a prohibition against their purchase prior to today, and there will not be one even after this bill is passed. No one can make a case that they need a firearm like that for sporting purposes, because they cannot have it. Provincial hunting laws prevent such possession, as I pointed out a minute ago.

I have used these semi-automatic guns for hunting geese in the past. They must be plugged so that they cannot take more than two shells. That is a measure which has been in effect for many years. I do not understand why the manufacturers do not change from making long magazines that hold five or six shells to ones that hold two. I know in Alberta a gun such as that cannot even be used for hunting upland game, a measure in addition to the agreement entered into under the migratory birds convention.

Honourable senators, I do not see any sense in allowing a whole lot more of this type of firearm to be sold to the public. It is legal. It will still be legal to buy them, after a permit is obtained, and all that sort of thing. They have no use that I can see. Yet, if the plug is taken out of them so that they can be fully loaded, they are extremely dangerous and lethal weapons when they get into the hands of some demented or mentally unstable person such as some of the people who have been alluded to today.

I hope that the Minister of Justice and those who support these measures will exert enough pressure during discussions concerning the next round of amendments to the Criminal Code so that the sale of these types of firearms will be disallowed.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my two colleagues have put very well the position that we take with regard to this bill. We think there are many flaws in the bill, but we will support it in the present circumstances.

There is no question that an important part of the bill will be the regulations. I would ask the government to ensure that, first, we receive the regulations as early as possible and, second, that when they are finalized, and I understand they will be published in the Canada *Gazette*, they be sent to all honourable senators as a specific follow-up on this bill.

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, the minister has already made it clear that she wants the regulations made public as soon as possible. I am sure they are already being drafted. I will certainly make a point of seeing that all senators receive a copy of them when they are ready.

Motion agreed to and bill read third time and passed.

● (1520)

FOREIGN MISSIONS AND INTERNATIONAL ORGANIZATION BILL

THIRD READING

Hon. Norman K. Atkins moved third reading of Bill C-27, an act respecting the privileges and immunities of foreign missions and international organizations.

Motion agreed to and bill read third time and passed.

[*Translation*]

CANADA PENSION PLAN FAMILY ALLOWANCES ACT OLD AGE SECURITY ACT

BILL TO AMEND—SECOND READING

Hon. Thérèse Lavoie-Roux moved second reading of Bill C-39, an Act to amend the Canada Pension Plan, the Family Allowances Act and the Old Age Security Act.

Honourable senators, I am pleased to present to this House Bill C-39, to amend the Canada Pension Plan, the Family Allowances Act and the Old Age Security Act.

The amendments that we will have to examine today were unanimously passed by the other House and are a real achievement in the ongoing reform of social policies. This bill also emphasizes the importance of federal-provincial cooperation in Canada.

This bill does not claim to meet the expectations of all Canadians for social protection, far from it unfortunately. Following the debates before the bill was passed in the House of Commons, the government will obviously have to keep working with the provinces on the outstanding issues. I will return to this later on.

Bill C-39 has two main objectives: first, to ensure the Plan's long-term financial stability, and second, to improve children's benefits under that Plan. The legislation also includes some minor amendments which, among other things, will simplify the administration of the Plan and clarify the eligibility criteria, if not make them more flexible.

Honourable senators, a few days ago, the administration of the Canada Pension Plan was once again questioned in an editorial of a large Canadian newspaper. There is no denying that an increasing number of people are skeptical about the Plan's ability to meet its obligations. So, I welcome this opportunity to assure the 9.5 million or so Canadian contributors who are wondering whether there will be money left to pay their benefits whenever their turn comes to retire that they have nothing to worry about.

The Canada Pension Plan has served the Canadian people well for the past 25 years, and the changes before us today will continue to ensure the reliability of the plan in the years to come. When the CPP was established, it was agreed that contributions would increase over the years, as the number of beneficiaries and seniors grew. So, in 1987, the Canada Pension Plan was amended, and the new provisions established what the contribution rates would be for each of the next 25 years. Every five years, the federal and provincial Finance ministers have to get together to review the financial status of the CPP and, if need be, look into changes to the rate schedule in the light of new actuarial data. As part of this review, the Finance ministers also have to extend the five-year schedule to cover a period of 25 years.

The Finance ministers have successfully completed their first five-year review last January. The provisions they have agreed upon, including a new contribution rate schedule, have been incorporated in the bill before this House. This new rate schedule will mean that employers, employees and self-employed worker's contributions will be higher than anticipated initially. Indeed, as a result of the actuarial report on the Canada Pension Plan Fund, projections had to be reviewed, because the latest figures contained in the most recent actuarial report are based on estimates which are lower than in previous reports as regards birth rate, immigration and growth in productivity.

Therefore, in 1992, first year of the new schedule, middle-income Canadians can expect to pay about seven dollars more toward the plan. I would like to point out, honourable senators, that the financial impact of this change on the contributors will not be as great as these figures would lead us to believe, since contributions to the Canada Pension Plan are allowable income tax credits for individual taxpayers. The end result will nonetheless be an increase in contributions.

[*English*]

Mr. Speaker, I shall go on to address the second important modification contained in this bill. This is a measure to which I attach the utmost importance, because it affects one of the most vulnerable groups in our society—our children. The government is proposing a $35 increase in monthly flat-rate benefits to the children of deceased or disabled CPP contributors. This amount represents a 30-percent increase over the present benefit level of $113. Approximately 170,000 children, a large number of these in low-income families, may benefit from this increase effective January 1, 1992. This measure represents additional disbursements of $75 million in CPP children's benefits. Of course, everyone wishes we could do more when we think of the poverty in which many of our children live. Nevertheless, $75 million is still a significant amount.

The children's benefit increase was initially put forward in the federal government's 1987 Consultation Paper on Canada Pension Plan Survivor Benefit Reform. While federal and provincial finance ministers have not reached agreement on the concept of a new survivor benefit structure, they have nevertheless decided to raise the children's benefit without delay. This increase constitutes a recognition of the difficult circumstances facing many surviving spouses or disabled contributors with dependent children.

• (1530)

[*Translation*]

The bill also contains a number of changes with little or no impact on costs which nevertheless represent an improvement over the existing provisions. The proposals would ensure:

—that the disabled contributor's child's benefit under the Canada Pension Plan be converted into a CPP orphan's benefit without having to request it;

—that children's benefits under the Canada Pension Plan be payable to a child who is placed under the care and custody of a contributor to the Canada Pension Plan after the contributor has become disabled;

—that entitlement to benefits for Canada Pension Plan contributors be protected for those who, because of a disability, are unable to apply within the required time frame;

—payment of Canada Pension Plan disability benefits to the administrator of a disability insurance plan as directed by the beneficiary;

—sharing information between the Old Age Security, Canada Pension Plan and Family Allowance programs to improve services to contributors and beneficiaries;

—sharing information between these three programs and the provincial governments in a limited number of circumstances so that provincial benefits can be provided sooner and services can be provided more quickly to clients in common;

—other minor technical and administrative amendments.

This completes the outline of the provisions of this bill. Throughout the debate before it was passed in the House of Commons, members expressed their concerns, especially about the current provisions of the disability plan. Their concerns matched those of the groups representing the disabled that appeared before the parliamentary committee. These groups raised several important questions and suggested amendments that they would like the government to make to the present disability provisions. One of the main concerns is that contributors who take too long to apply may be allowed to apply for disability benefits.

It is important to note, honorable senators, that the bill has a provision partly to deal with this problem. As I said before, it is proposed that the eligibility of contributors to the Canada Pension Plan be protected for those who are unable to apply on time as a result of disability. I admit, however, that this provision would not apply to all late applicants.

Of course, members of the other place, groups representing the disabled and probably many of us would want the provision to go further. In this regard, remember that Private Member's Bill C-280 would make the rules for disability pensions more flexible. This bill is on the Senate's agenda and it came up for second reading this past Tuesday.

Another concern raised in the parliamentary debate was the definition of disability in the Canada Pension Plan. It is considered to be too limiting and not to do enough for the beneficiary's independence and rehabilitation. Honourable senators, we should recall that a contributor is considered disabled under the Canada Pension Plan if he or she is unable to hold a sufficiently well-paying job and the disability is prolonged or expected to last indefinitely or could likely lead to death.

Obviously, honourable senators, any significant change to the definition of disability would change the group covered by the present provisions. It would be a fundamental change in the present role of the Canada Pension Plan as part of the whole system of benefits for the disabled.

Finally, I would like to mention the suggestion made during the parliamentary debate to provide protection under the Canada Pension Plan to people who take care of handicapped children. Honourable senators, as you no doubt know, the Canada Pension Plan allows excluding from the contribution period years of little or no earnings spent raising children under the age of seven. Some members of the House of Commons asked that this provision be expanded to include periods spent raising handicapped children.

The three proposals that I just mentioned briefly would impact significantluy on the costs of the Canada Pension Plan and on contribution rates. Since any major change to the Canada Pension Plan requires the approval of two thirds of the provinces, which have two thirds of the population, these proposals will have to be submitted to them for in-depth review. The Minister of National Health and Welfare has undertaken to initiate discussions with his provincial counterparts early the new year.

[English]

In the meantime, I am appealing for your cooperation so that we may adopt Bill C-39 as promptly as possible. Our time is short if we want to see the new children's benefits measures take effect on the date that has been proposed, January 1, 1992. Once we have approved the bill and it has received Royal Assent, it needs to be ratified by two-thirds of the provinces accounting for two-thirds of the population. Based on the hypothesis of obtaining Royal Assent before December 10, we might hope to see a provincial response before the 21st of December. We would then have about ten days between the 22nd and the 31st, in other words over the holidays, to issue the federal Order-in-Council.

I am therefore asking you to approve this bill as promptly as possible so that the 170,000 or so children of disabled or deceased contributors may receive this $35 increase with their January cheque. Along with the indexation increase that they would normally get on January 1, the amount these children receive would increase from $113 to $150 a month.

I address these remarks to Senator Bosa in particular, whom I think intends to reply on second reading. These are what I call minor modifications in terms of concordance, clarification or technicalities. I think we will have a good opportunity to examine them in the Social Affairs Committee. We would probably get too many explanations here, so I think the right place to do this is in the committee.

Hon. Peter Bosa: Honourable senators, I am pleased to take part in the debate on Bill C-39, an act to amend the Canada Pension Plan, the Family Allowance Act and the Old Age Security Act. Before doing so I wish to congratulate Senator Lavoie-Roux for a very clear dissertation on the very complicated bill that she has just presented to us.

• (1540)

The Canada Pension Plan was introduced in 1966, and since that time it has played an important role in contributing to the financial security of many Canadians. In the more than 20 years since its inception, various governments have amended the legislation in order to make it more responsive to the needs and conditions of various groups in society. Increasing disability benefits and greater flexibility with regard to the continuation of survival benefits on marriage are examples of such amendments. It is quite clear that such changes will be an ongoing feature of this legislation, especially in light of change in demographic and socio-economic circumstances.

Bill C-39 represents a package of such changes and although it goes some distance in responding to certain inadequacies in the legislation, a number of issues remain unresolved and these warrant our attention.

Bill C-39 was tabled in the House of Commons and received first reading October 21, 1991. Major components of the bill allow for increases to the Canada Pension Plan contribution rates. As well, increases to the level of benefits being extended for dependent children of disabled and deceased contributors to the plan are included in the bill. Federal-provincial agreement for these increases was reached in January 1990-91.

Additional provisions in Bill C-39 include: an easing of time restrictions for benefit applications for CPP contributors who, because of incapacity, are unable to make timely application for benefits, prevention of the loss of survival benefits in certain circumstances, alterations to the rules regarding the division of unadjusted pensionable earnings, allowances for the assignment of disability benefits when advanced payments are received, changes to the appeal process, and greater flexibility in the release of exchanged information.

The increases in contribution rates for Canadians are intended to redress the miscalculation made some 25 years ago. It was believed that for each worker drawing CPP benefits, some six workers would be gainfully employed and, in effect, supporting the one person drawing benefits. Current estimates indicate that in the next 20 years there will only be three workers attempting to support one person collecting the CPP benefits. Consequently, the Canada Pension Plan, if it is to remain viable, faces an urgent need for contribution rates to be adjusted in light of this reality.

Making projections over long periods of time is indeed a risky business and we can all appreciate that changing demographics will have an impact on the accuracy of calculations. However, the deeper and more important question that we must address is what economic conditions and policies underlie and help to account for the shortfall in the number of workers who are actively contributing to the Canada Pension Plan. Surely an economy which faces rising unemployment and decreased worker productivity lies at the root of contibutor shortfalls. Band-aid approaches, such as increased contribution rates, only succeed in addressing immediate concerns and are not sufficient to address this more fundamental issue.

In the past year the federal government has introduced two bills, Bill C-69 and Bill C-20. Both of these bills had a major negative impact on transfer payments to the provinces. Subsequently, Bill C-32 put a 5 per cent limit on the rate of increases of Canada Assistance Plan funds to those provinces not receiving equalization payments. The decision by the Supreme Court of Canada upholding the federal government's right to do so means the possibility of further actions in this regard hangs over the provinces.

What are the provinces to do in light of these actions by the federal government? The options, particularly for the Atlantic provinces and increasingly for the prairies as well, are limited. Provincial governments face huge shortfalls in their operating budgets and they find themselves in a position where they must rely on credit. The provinces have already dipped into the CPP to the tune of approximately $42 billion. Surely the actions of government in limiting transfer payments created a situation where the provinces will borrow from the CPP fund to the limit of their ability.

In Canada we have at times prided ourselves on the social safety net we have created. We smugly compare our social conditions to those of our American neighbours and we assure ourselves that this country's social programs contribute to a better quality of life for Canadians. Recently, however, the Canadian public has been reminded that our safety net, our social net is tattered; that it is no longer able to support the increasing number of people who, for economic or health reasons, have come to require greater support. That situation is particularly desperate for disabled persons and for their families and children.

The legislation committee heard from representatives of the disabled community in this country during their hearings on Bill C-39. We must remember that the government has made a strong commitment to legislative review from the perspective of disabled people. Involving disabled groups in the process of legislative reform on the CPP at an earlier stage in the process would have sent a message of compassion to this group. It would have said we want to understand your concerns and we want to address them. However, disabled persons organizations told the committee that disabled Canadians face a number of problems which are directly related to the Canada Pension Plan as it now exists, and they would like to have been more directly involved in the process of amendments. I urge the government to keep their concerns in mind in the course of the future deliberations on this matter.

Advocacy groups for disabled persons claim that the disability benefit provisions of the Canada Pension Plan are discriminatory and that they have a disparate impact on disabled persons vis-a-vis other pension recipients under the legislation. In their submissions to the legislative committee, they made specific mention of the definition of "disability" as it stands in the act.

The definition of "disability" and, in effect, the test for qualifications is that the person's disability be both severe and prolonged. "Severe" is defined as a disability which makes a person "incapable of regularly pursuing any substantial gainful employment". In the experience of many disabled persons this means that anyone who works even on a very part-time basis, or anyone who attends training courses or sessions is not eligible for benefits. Disabled persons advocacy groups argue that this stringency enforces total dependence rather than fostering assisted independence. The effect of these definitions is profound. Those persons who would like to work or could be employed with retraining are forced to collect disability pensions. Over the long term, such a strident approach will cost this country increasing amounts of money, and it penalizes those disabled persons who are ready and willing to work. I believe we have seen the impact that such policies can have on people in this country.

There have been many calls to reform the delivery of both social assistance and unemployment insurance in order to remove or reduce the disincentive to work. The people receiving such benefits lose and the country, too, loses over the long

run. It is apparent that these same problems exist within the Canada Pension Plan, and they must be addressed. There are indeed pilot projects that are now attempting to alleviate these problems but I would urge the government to expand such projects and eventually make them part of the disability program in Canada. Disability benefits must be about more than delivering money to people. They must also take issue with the quality of life considerations for disabled persons in Canada.

● (1550)

The other component of the test for disability is that which says that the disability must be prolonged. In the language of the legislation, this means that the disability is "likely to be long, continued and of indefinite duration or likely to result in death." This definition excludes those who are disabled for extended periods of time, those whose disability is episodic rather than continuous, those who have serious illness but who are likely to get better, or those who suffer from manic depressive illnesses. Once their employment-related sickness benefits are exhausted, these people must resort to social assistance and they may suffer the consequences of no access to support funds.

These problems related to the definition of disability are fundamental stumbling blocks for disabled persons in this country. They have asked the government to consider changes to the definition so that the words "severe" and "prolonged" would be replaced by the words "significant" and "extended". In light of their concerns, I would encourage the government to consider, in further deliberations on legislative reform, changing the definition as disabled persons advocacy groups have requested.

I will close my comments on Bill C-39 today by saying that our party supports this legislation. I would also like to bring to the attention of the other house that our esteemed late colleague Senator Croll alerted us to the problems of the CPP contribution rates some years ago. The report "Retirement Without Tears" warned us that major changes to the CPP would be required if we were to fulfil its mandate.

This bill before us fills some of the gaps in the Canada Pension Plan, and for those reasons, and particularly because it increases benefits to the dependent children of disabled and deceased contributors to the plan, we are supportive of the legislation.

We would urge the government to recognize that such changes do not go far enough in responding to the needs of persons, particularly disabled persons, who are directly affected by this legislation. Their concerns must be incorporated into further deliberations which affect the Canada Pension Plan. Here, I believe, is an opportunity for the Standing Senate Committee on Social Affairs, Science and Technology to do a study of the Canada Pension Plan legislation in order to ensure that the government has all the facts before it when it decides to introduce further amendments to the Canada Pension Plan. Since this matter will be referred to that committee, I hope that during the consideration of this bill they will bring up the subject of further study of the bill in the future.

[Senator Bosa.]

The Hon. the Speaker *pro tempore:* I must inform honourable senators that if the mover of the bill speaks now, her speech will have the effect of closing the debate.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Lavoie-Roux, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received.

RIDEAU HALL

December 5, 1991

Mr. Speaker,

I have the honour to inform you that the Honourable Frank Iacobucci, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the 5th day of December, 1991, at 4:20 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

JUDITH A. LAROCQUE
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

YOUNG OFFENDERS ACT CRIMINAL CODE

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of Senator Di Nino, seconded by the Honourable Senator Comeau, for the second reading of Bill C-12, An Act to amend the Young Offenders Act and the Criminal Code.

Hon. Earl A. Hastings: Honourable senators, in my haste to respond to Senator Di Nino yesterday, I neglected to commend him for the manner in which he put this legislation before us on behalf of the government. I listened very carefully to what he had to say and I could not help feeling that he was doing the best he could with a very bad product. I found it easy to share his sense of frustration and discomfort at the legislation, especially when we all realize, or we should all realize, that we

are dealing with tinkering and simple window-dressing by this government to the problems of youth.

It is wise to realize that the bill is part and parcel of this Government's law and order legislation, which entails a great crusade not so much to face up to the problems of violence in society, but to save this government from its 18 per cent support in the polls today.

Senator Thériault: They have gone up!

Senator Hastings: I think we have seen how this agenda is working when the Minister of Justice and the Solicitor General will distort any issue or problem out of all proportion to reality and then add a generous dose of fear and loathing in the public mind, gallantly charge off with a piece of legislation to answer all the problems, and then, capably aided by their public relations hucksters, create the illusion of bringing forth the solution to the problem.

As we see today, honourable senators, it is important to realize how this government is always attracted to the exception. As Senator Di Nino said yesterday, we are targeting an extremely small percentage of young persons. Let us understand exactly what we are targeting. Out of 38,000 youths who appeared in youth court in 1990-91, the cases of three of them were raised to senior court for murder.

The government has created a real problem by taking the exception and magnifying it out of all proportion to reality, creating the illusion of a great problem that will be solved with this claptrap piece of legislation. For example, the Solicitor General, who announced last week a committee investigation into the Temporary Absence Program, a program that is successful 99.6 per cent of the time. The Solicitor General charges off to Edmonton on a great mission to convince the people of Canada that there is a problem here. He has created a commission to study a program which is 99.6 per cent successful, but it will study the .4 per cent of failure. Then the minister will probably bring forth some piece of legislation that will not answer any problem whatsoever with respect to public safety.

● (1600)

I think it is important, honourable senators, to appreciate and understand that in this bill we are dealing with punishment, pure and simple. I think it is important to realize that this bill increases the sentence for murder for those under 18 from three years to life. It is a very major increase in swinging open the doors of our penitentiaries.

This bill also contains the provision, of course, for parole in five or ten years. However, that is not certain. There is no certainty in parole. What we are doing is increasing the sentence for those under 18 from three years to ten years. In these days, when youth is in trouble and calls out for some leadership and guidance, what they receive from this government is brute, raw, negative punishment.

The Minister of Justice cries out that this bill will be a deterrent, and she says, and I quote: "Hopefully it will contribute to a climate of deterrence." Hopefully. Honourable senators, that hope is based on the misguided principle that the harsher we treat the offender, the better citizens we will be. As if some half-crazed youth, high on drugs or alcohol, or drugs and alcohol, on some insane mission, was about to stop and say, "What is the penalty? Is it five years? Is it ten? Is it three? When will I get parole?" That does not happen when it comes to murder.

The murder rate in Canada, as I said yesterday, has been at about 2.5 per cent. It has varied up and down a little over the last 30 years. It did not matter whether you hanged them or gave them 25 years, or 10 years, or seven years. The murder rate remained the same, but we have to always appeal to that attitude of society that if we punish the offender, we will all be better.

In Canada, we have the second highest rate in the western world for putting people in jail, 151 per 100,000. With respect to youth, we put in jail 194 per 100,000 population. We are running second only to the United States. If we try harder, as we are doing with this bill, to get more of them into penitentiaries, we will soon be number one.

The public concern about violent crime is fixated and stimulated by media counts of murders. The deterrent effect of harsher penalties in these instances is questionable. The vast majority of these homicides, especially those by youth, are spur-of-the-moment acts triggered by rage, jealousy and frustration, accompanied by drug and alcoholic-induced states, involving a friend, a relative or an acquaintance. They are always carried out by the poor and the uneducated and the unemployed. There is always a disproportionately high number of aboriginals involved because of the cultural and socioeconomic forces that make all of these problems of mankind and society bear heavily upon them.

Premeditation is rare when the offender is an adult. It is even virtually non-existent when the offender is a youth. Events and emotions move too quickly for a carefully calculated assessment of the consequences of the conditions. If any thought is given at all, it comes after the event, not before.

We are led to believe that the amendments to the Young Offenders Act enjoy a measure of support from a wide range of persons. We are told that their proposals reflect the collective experience of a wide range of persons involved with young offenders including representatives of governments, territories, correctional officials, mental health professionals, members of non-government organizations concerned with juvenile justice, researchers, academics, judiciary, Crown counsel, the police, federal lawyers and members of the House of Commons. At all events, it is just a section of the House of Commons: The bill did not pass unanimously.

What are the facts? The Canadian Criminal Justice Association, which represents a considerable number of Canadians engaged in the criminal justice system from parole to the police to the judges is a national voluntary membership organization which brings together various criminal justice professionals such as police officers, lawyers, judges, probation and parole officers, and other correctional workers, as well as volunteers and lay persons. What did they have to say?

> Whereas the Canadian Criminal Justice Association has previously gone on record stating that the basic purposes of the criminal law should be carried out with no more interference with the freedom of individuals than is necessary; and
>
> Whereas Bill C-58,

which was the predecessor to the present bill we are dealing with, C-12—

> if passed would likely result in more youth receiving longer periods of incarceration,

which the bill does—

> and
>
> Whereas the Association does not believe that the proposed amendment will in any way strengthen the justice system or enhance public safety;
>
> Be it resolved that the CCJA declare its opposition to the proposed amendments contained in [the bill] and communicate the reasons for this position to the Minister of Justice.

So much for this wide-ranging support that the bill allegedly has.

● (1610)

It is interesting read what Chief Clancy of the city police of the city of Edmonton says about the bill.

> Increasing murder sentences for young offenders would be useless in dealing with youth crime . . . The proposed changes are only a distraction and will not make a significant impact on the problems of teen crime.

The chief of police prefers more counselling rather than stiffer penalties for the tiny fraction who murder; but we have to deal with that tiny fraction as we deal with it in this bill.

I have searched diligently, in vain, to find that measure of support from a wide range of persons as indicated by the sponsor yesterday, speaking on behalf of the government.

What about youth workers? The Canadian Council on Children and Youth has said that "of particular concern has been the increase in the use of custody and the apparent disparities and dispositional practices."

The public is understandably concerned about the use of violence, particularly by young persons. However, this legislation can only have a limited, negative impact on the offence patterns of adolescents. Significant changes in offence patterns are likely to require significant social change.

More fundamentally, our mental health, education and welfare systems must be made responsive to youth. We need improvements in how we deal with such problems as drug and alcohol abuse, adolescents with learning disabilities and visible minority youths, and with the integration of young persons into the labour force. More important, we must have a society that values its youth and recognizes their need for a nurturing environment, not easier access to crime schools in adult institutions.

[Senator Hastings.]

The young offenders themselves I do not think will earn their endorsement. They are not likely to be aware of the proposals, because the young people are too caught up in the turmoil of their own struggles today with education, job seeking, growing pains, sex abuse, substance abuse and family breakup. Potential offenders need guidance, help and direction. Will they get it from society, from the experts and the councillors, or will we refer them to the persistent, manipulative, dangerous offenders restrained in our adult institutions to have bodies, mind and spirit ravaged in ten years of incarceration?

This bill may be tougher; it is certainly not better. It is harder, and it is certainly harmful.

Senator Di Nino said yesterday, speaking for the government, how considerate the government was in granting parole in ten or five years, and he said this would diminish the effects of long-term incarceration. Let me tell you, in ten years or five years, a young man can be ravaged beyond recognition and destroyed for life; and the great government passes them out a five and ten year consideration that they will not be diminished while in custody.

A young boy of 18, after serving five or ten years, is practically certain to be institutionalized and his chances of ever living a normal life greatly diminished; but, that is what he gets from this government.

Honourable senators, the thrust of this legislation increases the possibility of losing these youthful offenders in the mass of confirmed, hardened adult offenders rather than marshalling a few imaginative resources to bear on the challenge.

What about the victims? Unless solely motivated by vengeance, most victims want reassurances that the perpetrator will not offend again. We had that explained to us, or a typical example of that, just the other day in the lobby of the Senate when victims from Barry's Bay came to this place. Tthe mother and father of a young girl, and their plea was not more time in jail; their plea was not life; their plea was could we not do something to make certain this young man who is charged, should he be convicted, will receive rehabilitation through any period of confinement.

Rehabilitation means the provision of resources, something this government is reluctant to do. Rehabilitation programs and efforts cost money. These legislative amendments are relatively cheap; however, in criminal justice, as in life, you get what you pay for. In Bill C-12, we are getting more punishment and less chance of lasting protection, and we are losing our troubled youth.

Those working with young offenders, and young offenders themselves, need resources, resources that are diminishing every day. This government, in May 1980, unilaterally imposed a cap on all contributions to the provinces for cost-sharing programs. Since this restriction ignores inflation, it becomes a brutal cost on available services. In 1984, the Prime Minister promised to assure financial assistance to allow equal access and availability of programs and services across Canada. However, today, in place of that promised funding,

we have amendments that open prisons and penitentiaries more widely to the young offender.

If public protection is paramount, then surely it deserves more serious consideration and commitment than cosmetic tinkering with the existing act, cynically trumpeted as being some sort of reform. If the top priority is public protection, then let us get on with it in a positive, realistic matter. It should involve:

1) Preventive Programs—More effort must be made to reduce the source of delinquency rather than coping with the aftermath.

2) Rehabilitation Programs—The only protection is rehabilitation. The road to protection is not through providing more punishment for these young offenders; it is through individual attention, guidance and therapy; it is through education and training and the provision of opportunity for young people to lead productive, law-abiding lives; it is through family-like settings at most small group homes in normal communities; it is not in placing youth in overcrowded, understaffed youth facilities, and definitely not in adult prisons or penitentiaries.

3) Public Education Programs—The public must be protected; the public must be heard; but the public must also be informed if it is to provide realistic advice to legislators.

The report of the Standing Committee on Justice and the Solicitor General in his review on Sentencing and Conditional Release and Related Aspects of Correction chaired by David Daubney in August of 1988 stated:

> Canadians have a distorted view of crime, and it is reasonable to question their calls for greater harshness in sentencing.

Those were members of Parliament.

> While policy makers and politicians need to heed public opinion, they must be cautious in the criminal justice field of acting on an inadequate or incomplete interpretation of public opinion.
>
> Ultimately, the evolution of sound government policy, one that has broad public support, is dependent on an informed public.

The report then urged the government to provide public education about the operation of this criminal justice system, including the myths and the realities that surround it, a high priority through the effective use of their own communication capacities and through the financial and other support of the voluntary sector so that citizens can be more actively engaged in activities that increase their understanding of the criminal justice system.

We see little evidence of a concerted effort to meet these needs. Indeed, the reverse is true. The current bill could be construed as an exercise in delusion, focusing on the sensational rather than the underlying roots of the problem, focusing on the few notorious cases rather than the general plight of most young offenders, focusing on the availability of punishment rather than programs, and playing on emotions rather than providing sound, rational programs to prevent delinquency and promote rehabilitation.

• (1620)

This legislation provides a band-aid where a complete objective diagnosis and extensive treatment is required, along with a massive prevention program. The youthful offenders, those who work with them and other citizens of Canada have real needs and concerns. This legislation does not meet the real need, it subtly implies that punishment is the answer.

This legislation will do more to promote criminality through longer sentences, easier access to prisons and penitentiaries and promote public misconception than it will to overcome the problem.

Senator Di Nino, the government sponsor of the bill, said yesterday that he had a sense of frustration and discomfort in dealing with this bill. Senator Di Nino, I share your frustration and discomfort. I can only add my own contempt and disgust. Perhaps you can join me in sending this thing which purports to be a bill back to the place it came from.

Hon. Consiglio Di Nino: Honourable senators—

The Hon. the Speaker *pro tempore:* I must inform honourable senators that, if Senator Di Nino speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Di Nino: Honourable senators, I wish to make a couple of brief comments before I recommend that this bill be sent to committee.

It is important, at least for the record, to state that Senator Hastings is being extremely selective when he quotes me. I think he knows that my discomfort and frustration had nothing to do with the bill, but with the fact that society as a whole should be condemned for having to consider such a bill as this. The job of looking after our young people will not be accomplished by legislation.

I will correct for the record what Senator Hastings said I said yesterday. He quoted me as having said that legislation will never have any impact on this particular problem. That is not what I said. I think there is a finite difference with regard to my comment that legislation will never solve the problem. It is you and I, Senator Hastings, who will solve the problem.

Senator Hasting: Then let's throw the bill away.

Senator Di Nino: We cannot throw it away. But I will tell you what we can do, senator. We can work together in committee to see what all of the different people involved in the matter of young offenders have to say about the bill, including those who support it. The Canadian Bar Association supports it, as does the Canadian Association of Chiefs of Police. As a matter of fact, the Canadian Council on Children and Youth supports it.

The proposals before us, honourable senators, are really much more humane and less punitive than the existing law. That is the position this government is taking. It is the way I read the legislation.

Let me also say very briefly that Senator Hastings and I have similar objectives. I believe that as we progress through the committee and other stages of this bill those objectives will become much more apparent. I invite Senator Hastings to participate in the process established by this chamber, which is to deal with the matter in committee. We can then continue our dialogue in this chamber. During the committee process we will deal not only with the issues that the honourable senator has raised, but with the issues that will be raised by others.

Senator Hastings: Would the honourable senator permit a question? Did I understand him to say that he is inviting us to participate in the committee, and that, on behalf of the government, he is saying that he is prepared to accept amendments?

Senator Di Nino: I made a very honest interjection by suggesting that since you have so many opinions, most of which differ from mine, at least in terms of the interpretation of the bill, we can discuss those in the committee process.

Motion agreed to, on division, and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* When shall this bill be read the third time?

On motion of Senator Di Nino, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

The Hon. the Speaker *pro tempore:* Honourable senators, pursuant to rule 136(8), I must interrupt the proceedings at this time so that we may proceed with Royal Assent.

The Senate adjourned during pleasure.

• (1630)

ROYAL ASSENT

The Honourable Frank Iacobucci, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Canada Labour Code (geographic certification) (*Bill C-44, Chapter 39, 1991*)

An Act to amend the Criminal Code and the Customs Tariff in consequence thereof (*Bill C-17, Chapter 40, 1991*)

An Act respecting the privileges and immunities of foreign missions and international organizations (*Bill C-27, Chapter 41, 1991*)

The House of Commons withdrew.

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

[Senator Di Nino.]

The sitting of the Senate was resumed.

• (1640)

[*Translation*]

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

THIRD READING—DEBATE CONTINUED

On the Order.

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

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

4. Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date the Official Languages Act applies to the airport authority, with such modifications as the circumstances require, to the authority in relation to the airport as if

(a) the authority were a federal institution; and

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

Hon. Jean-Maurice Simard: Honourable senators, the debate on Bill C-15, and particularly on clause 4 of that bill, has heated up a lot in the last few days.

You know my interest and my determination when it comes to protecting minority language rights of which we worked so hard to have recognized. Therefore, it is only normal that I enter this debate. I will admit, however, that my decision has not been very easy. I am not talking about how I feel (that was very easy), because my convictions have not changed. What is more difficult is to have to distance myself from the government's position on this bill.

Dear colleagues, I totally support the main objectives of the airport transfer policy, namely to enable airports to better serve the interests of the local community, to increase opportunities for regional economic development, and to allow for the more economical and commercial operation of the national airport system.

The main purpose of Bill C-15 is protect the established rights of the public to be served in both official languages, as well as the established rights of the employees of those airports.

I am satisfied that the rights to services in both official languages are maintained in this bill to the same extent that they are now. The only difference is that the role of the Minister of Transport in this matter is delegated to the local airport authority on the transfer date. Even though we might

wish, that it will be otherwise. I believe that we should accept it for practical reasons, while taking comfort in the knowledge that the role of the Commissioner Official Languages is in no way diminished on this point. Indeed, local airport authorities will still have to satisfy the Official Languages Act requirements and Treasury Board draft regulations requirements on services to the public in both official languages in federal airports, sold or rented. Whether federal airports have been sold or rented to local airport authorities, the licensees obligations will be exactly the same with regard to services to the public in both official languages, with exactly the same requirements under the 1988 Official Languages Act and the proposed Treasury Board regulations on services to the public.

On that particular point, I did not agree with what senator Frith said on December the 3rd. So, I asked for a clarification and I did get it. I was assured, as I just said, that nothing will be changed on licensees duties and obligations with regard to services to the public in both official languages.

This brings me, honourable senators, on parts 5, 6 and 7 of the Official Languages Act, which were seperated from bill C-15. To make things simpler, let us say from the start that I am less concerned about the setting aside of Part 7. Official languages promotion is mainly, although not exclusively, the responsibility of the Department of the Secretary of State.

I went over the discussions and arguments on clause 4 of Bill C-15 and did not notice any kind of enthusiasm in the defence of individual rights, much less of vested individual rights.

There was a lot of talk about the competitiveness of airports and rights to services in both official languages, and about comparisons between Air Canada, Petro-Canada, and so on and so forth.

In my opinion, individual rights were not emphasized enough.

At this time, there are only three designated areas, namely New Brunswick, which is the only bilingual province, Metropolitan Montreal and the National Capital Region. Neither Edmonton, Calgary nor St. John's are designated. Honourable senators, any individual has a right to work in French or English and both official language communities are entitled to their fair share of jobs.

Honourable senators, Bill C-15 does not protect this right, this vested right that was secured thanks to lengthy representations and strenuous efforts by many and thanks also to traditions established over the years.

In all honesty, I cannot vote for a bill that, for all intents and purposes, withdraws this protection. I hope I can count on the support of all senators and more particularly on the support of my colleagues from New Brunswick who lived through that painful process of having the rights of the French-speaking minority in New Brunswick recognized.

I cannot support a bill that will mean this for an Acadian: your right to work in French at the Moncton airport was protected by the federal government but now, with our new policy and Bill C-15, that protection will be left in the hands of local airport authorities. They may act in good faith, but they sometimes lack the necessary sensitivity for the protection of this right. There have been just too many cases in the past where those rights were infringed upon.

In New Brunswick particularly, the Official Opposition in the Provincial Legislature, whose views are well known, advocates the abolition of bilingualism on the hand and the bilingualization of francophone institutions on the other hand. Honourable senators, you will certainly agree that it is not very reassuring in terms of potential support for the acquired individual rights of people now working in airports such as the ones in Moncton, Fredericton and St. John, or those who will be working there in the future.

I would add that these people and their leader, who supported the candidates for the Official Opposition in the recent New Brunswick election, do not want to see the Acadian flag fly over the Provincial Legislature any more. So, my reluctance to leave that kind of responsibility to a local airport authority in Moncton, St. John or Fredericton (in my province in general) is based on the reality that is perpetuated by the Official Opposition in New Brunswick. We simply cannot take the risk of asking a local authority to protect those acquired rights.

I keep in mind the positive comments of the Commissioner for Official Languages and many others. I will not repeat them because there's not enough time.

Furthermore, I take notice of the argument according to which the federal government being the owner of 57 per cent of the shares of Air Canada had to ensure the application of all of the Official Languages Act when it privatized that airline.

Honourable senators, what will happen when the federal government ceases to be the majority shareholder in Air Canada? Will they stop implementing the Official Languages Act in the following weeks because, like some argue and the government agrees, Air Canada being a private company, it doesn't have to abide by that Act anymore? I am very concerned!

They also say that Air Canada is a national entity because it operates coast to coast and has offices in most of the major cities in Canada, adding, all the while, that airports are multiple local entities. Honourable senators, that doesn't make sense. An airport can only exist in conjunction with others. It is not an isolated entity. It is part of a network. The airport network is as much a national entity as is Air Canada. Air Canada passengers who get on a flight in Moncton are not going to stay in Moncton. They are going to land in another airport.

We have also been told to remember that the Official Languages Act applies only and solely to federal institutions which the local airport administrations do not belong to. Honourable senators, airports are now federal institutions that were established with public funds and that will surely be extended and modernized or updated with public funds. Those local airport administrations do not exist for the moment. It is

the federal government which is now indirectly creating them providing them with 60 year leases.

Senator Grimard said on December 4, and I quote:

> Imposing two working languages in airports like Montreal and not on direct competitors in regions that are not designated bilingual would I think be an economic injustice . . .

I must admit that I do not understand that argument. Who are Montreal's direct competitors? If someone wants to go to Montreal, he is not going to fly to Toronto. If cargo is bound for Montreal, you are not going to send it to Quebec City. How can the language of work adversely affect the competitiveness of the Montreal Airport? If you are only talking about the cost of translating operating manuals, press releases, memos between employees and with management, this in my opinion is not reason enough to violate the vested civil rights of English-speaking Montrealers to work in their native tongue. Similarly, cost cannot justify the refusal to let Acadians from New Brunswick use their own language, whether it be in Moncton, Fredericton or elsewhere.

Finally, honourable senators, how can we say that the federal government cannot force—this is what the spokesperson for the government said in this House—a local private enterprise to abide by the *Official Languages Act*, when, actually, bill C-15 does it, but only for part of the Act. But it still imposes a portion of the costs linked to bilingual services in those three areas.

Honourable senators, in conclusion, what I am asking for already exists. I am not asking to extend what we already have. However, if the government reviews the designated areas, we will want to discuss the extension of the designated bilingual areas. But that is not what we are talking about today. I just want to ensure that the rights and privileges stipulated in the Official Languages Act, as they apply to the actual airport program, will also apply to the proposed airport program, and specifically to the designated areas in New Brunswick, Greater Montreal and the National Capital.

In conclusion, I have to support the motion presented by senator Frith.

I thank you for the indulgence you have shown me.

On motion of Senator Corbin, debate adjourned.

• (1650)

[*English*]

FEDERAL REAL PROPERTY BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Buchanan P.C., for the second reading of Bill C-3, respecting the acquisition, administration and disposition of real property by the Government of Canada.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have read carefully what Senator Doody said on second reading of this bill. I find little on which to disagree with him on insofar as what he said. However, I do have some comments on what he did not say.

[Senator Simard.]

Senator Doody: There is a lot I did not say.

Senator Molgat: I also have a question on an item that he did cover. He discussed with us the exclusions from the bill such as the Indian Act, the National Parks Act, the Territorial Lands Act, the Crown Corporations Act. Then he talked about all the inclusions: cultural centres, roads, employment centres, lighthouses, nursing stations and so on. One item he did not cover relates, I think, to the greatest landowner in Canada, the Department of National Defence and exactly where they stand. I looked in the bill and there is a reference to the Department of National Defence. I must confess I am not absolutely clear on how far it goes. I would hope that he will give us a response to that matter when we come to the conclusion of second reading. If he cannot do that, perhaps once we get into committee we can go further.

With regard to the bill in general, the approach of having one system to dispose of government property certainly appears on the surface to make great sense. I realize that at second reading we are dealing with the principle of the bill, but I do not know how I can deal with the principle without referring to an essential element in the bill. So I would like to refer honourable senators to clause 16 (1) and 16 (2) which outline what the bill will provide. Under 16 (2) it says:

> The Governor in Council may, on the recommendation of the Treasury Board, make regulations

Then they list a great string of regulations from (*a*) to (*k*). These are very inclusive regulations covering everything that one might consider having to do with real property, the sale, the lease or other disposition, the purchase, the giving of licences, the surrender of leases, transfers to the provinces, transfers from the provinces, the acceptance and release of securities by way of mortgage or otherwise, authorizing provision of utilities and other services, imposition of fees, charges and rates, imposition of fees for the provision of copies of maps, plans, field notes, documents and papers and on and on—a very inclusive set of regulations.

However, clause 16 (1) says:

> Notwithstanding any regulations made under subsection (2), the Governor in Council may, on the recommendation of the Treasury Board, in accordance with such terms and subject to such conditions and restrictions as the Governor in Council considers advisable,

So notwithstanding anything that it says in (2) the Governor in Council can do all these things by their own decision, completely contrary to the regulations. I suppose that could be acceptable under certain conditions. However, if one goes to the beginning of the bill, one then finds all those things that can be done by regulation and by the Treasury Board and the Governor in Council. In the delegation of powers in clause (3) it states:

• (1700)

> Any Minister may authorize in writing an officer of the Minister's department or of any other department, or any

head of mission, to exercise on behalf of that Minister any power given by or under this Act to that Minister, including the power to sign an instrument.

Therefore, we find that not only the Governor in Council and the Treasury Board can make all these decisions by regulation and go against the regulation, if they so decide, but can also give that power to—and please note—"an officer of the Minister's department or of any other department."

In the French text it simply states "fonctionnaire de son ministère". "Fonctionnaire" is a very broad term.

[*Translation*]

In French, we would certainly say that a clerk is an officer. So, we could have a system where almost anyone in a department would have the right to do everything which is listed here.

[*English*]

Again, there might be sense in doing that. I am not opposed to decentralization of decisions. However, there must be very clear conditions. If we are to pass this bill, we must have a guarantee that all of those things that are done, such as disposition of property, purchase of property or leases and all the rest of it, are open to the public.

We are dealing here with public property. If we are dealing with public property, we have the right and the need to guarantee that the public interest is protected. The only way I can see that we can do that is to have disclosure. In this bill, I do not see disclosure of any of these things. We are giving this immense power; we are distributing it all over the place, but we have no way of knowing if that power will be used in the proper way.

We have to look at this situation and ask, what mechanisms can we put in place? In the bill there is a provision that someone who feels that they have been hard done by must come forward within six months or possibly a year. We should then have included in this bill that there must be full disclosure of any actions taken under this bill, under these immense powers, and under this distribution of power through the civil service, and that there must be full disclosure. If we do not have that, we are leaving ourselves open to all sorts of deals. What guarantee is there that the public interest is protected? What guarantee is there that these things are done by public tender or done by open sale? How do we know?

I submit, honourable senators, that that portion which was not in Senator Doody's presentation is essential in this bill. We must have a system of disclosure to the public, otherwise there is no guarantee of public protection.

The Hon. the Speaker *pro tempore:* I wish to inform the Senate that if Senator Doody speaks now, it will have the effect of closing the debate on second reading.

Hon. C. William Doody: Honourable senators, I thank Senator Molgat for his comments. They were well taken and much appreciated. It underlines my emphasis on the necessity of sending this particular bill to committee for examination. Many so-called housekeeping bills, or public administration correction bills, are very often those that have some land-mines that need looking at. I am not suggesting that is necessarily so in this case, but it certainly does merit consideration.

The national defence question is a legitimate one. I have no answer to that question. I could try to find one, but I think the answer can most properly be provided in the committee.

With regard to public disclosure, I certainly agree with that. I suspect that this legislation, like other similar legislation, is subject to the Financial Administration Act, the Public Tendering Act and that type of legislation. Once again, it is the type of thing that, for greater certainty, could be and should be examined and explored in committee. Therefore, I will recommend that it be sent to committee for study.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

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

On motion of Senator Doody, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Molgat: I do not rise to object, only to make the point that I believe that this bill would normally be sent to the National Finance committee. While I will not object at this time, I would hope that we will not make a practice of sending bills, willy-nilly, to whatever committee is handy. Our rules do provide for reasonably clear disposition of bills to specific committees.

Senator Doody: On that point, honourable senators, I would not want my colleagues to think I am sending a bill to Willy Nilly! I have nothing against that honourable gentleman. I am sure that Mr. Milly is a lovely man.

The reference to another committee of the Senate was necessitated by the fact that I checked with the Chairman of the Standing Senate Committee on National Finance. He informed me that he would not be in a position to look at the bill until well into January. That would interfere with the arrangements, however tentative they might be, between both sides with regard to the adjournment motion. Subsequently, I spoke to the Chairman of the Legal and Constitutional Affairs Committee, Senator Nurgitz, who appeared to be fairly more accommodating in this regard and who undertook to give the bill consideration at a much earlier date.

Rather than being frivolous—or willy-nilly, I simply sent it to that committee, which was prepared to take it and examine it.

I might also add, given the opportunity, that some rule, procedure, precedent or system should be laid out in this place where preference is give to legislation as opposed to individual studies that committees might have before them, important though those studies might be. It would seem to me that if a piece of government legislation is passed in this place at second reading and sent to a committee, then that committee should try to make room for it ahead of any plans that it might have for the consideration of a study or a report.

• (1710)

PRIVATE BILL

METROPOLITAN GENERAL INSURANCE COMPANY—BILL TO AMEND ACT OF INCORPORATION—THIRD READING

Hon. Richard J. Doyle moved the third reading of Bill S-6, to amend the Act of incorporation of Metropolitan General Insurance Company in order to authorize its continuance under the laws of the Province of Quebec.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that all further Inquiries and Motions stand.

Motion agreed to.

VETERANS AFFAIRS

PRISONERS OF WAR COMPENSATION—IMPLEMENTATION OF RECOMMENDATIONS—REVIEW OF ACT—GOVERNMENT RESPONSE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Kinsella:

That the Senate acknowledges the implied responsibility of the Government of Canada to compensate the Canadian Hong Kong prisoners of war for the suffering they endured in the Japanese prisoner of war camps; and prompts further action;

That the Government should consider the advisability of seizing the opportunity to provide benefits still denied to other prisoners of war, to which they should be entitled by right, by implementing the recommendations contained in the report of the Senate Subcommittee on Veterans Affairs, Its Almost Too Late, as a result of the evidence given by the following:

The National Prisoner of War (European Theatre) Association;

The Dieppe Prisoner of War Association;

The Merchant Navy P.O.W. Association; and

The Koncentration Lager Buchenwald Club.

The recommendations are as follows:

6. That the rates of compensation provided for under the Prisoners of War Compensation Act be reviewed with the objective of taking into account the severity of the prisoner of war regime forced on veterans by the award of additional compensation for each month deemed extremely severe, and that two additional categories be added at appropriate rates of compensation for those veterans who served 30 months or more as prisoners of war; and

7. That for the purposes of establishing entitlement to the Veterans Independence Program, receipt of prisoner-of-war compensation be treated as proof of undiagnosed medical disability.—*(Honourable Sentor Molgat).*

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I had intended to speak on Senator Marshall's motion regarding the Hong Kong situation, which is adjourned in my name, because Sunday, December 8, will mark the attack by the Japanese on Hong Kong. However, in view of the hour, and, in the circumstances, I will proceed with this on Monday.

Order stands.

The Senate adjourned until Monday, December 9, 1991, at 2 p.m.

THE SENATE

Monday, December 9, 1991

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

Prayers.

AERONAUTICS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-5, to amend the Aeronautics Act and to amend An Act to amend the Aeronautics Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday next, December 11, 1991.

COOPERATIVE CREDIT ASSOCIATIONS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-34, to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters.

Bill read first time.

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this is one of four bills which were the subject of pre-study by the Banking Committee, the report of which was brought down last week and discussed in this chamber. For some reason the House decided to vote on this bill on Friday. The other three will be voted on at six o'clock today; so we can assume that they will come to us tomorrow.

The only time that the President of the Treasury Board, who is the sponsor of the four bills, can appear before the Banking Committee is tomorrow afternoon. I am sure that both sides would like to hear him. If honourable senators are agreed, I would ask leave that this bill be given second reading immediately so that it can go to committee tomorrow in time for Minister Loiselle's appearance.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the Deputy Leader of the Government spoke to me about this matter of leave, and, as all senators are aware, we are reluctant at any time to give leave unless circumstances are such that nothing would otherwise move forward. We do not believe in this case that it is necessary. We get the same explanation regularly that ministers are not available at such and such a time, and I frankly do not think that the Senate should regulate its business solely on that premise. If the department wants this bill through, it must see to it that the people are there to respond. I am not prepared to give leave.

On motion of Senator Lynch-Staunton bill placed on the Orders of the Day for second reading on Wednesday next, December 11, 1991.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 103 citizens of Quebec who are opposed to the goods and services tax. These petitions come mainly from Chicoutimi, Sawyersville, Bromptonville, Chartierville, Taschereau, Authier-Nord and Amos.

Honourable senators, I also have the honour to present petitions signed by 22 citizens of Winnipeg, Manitoba opposed to the goods and services tax.

Honourable senators, I have the honour to present petitions signed by 37 citizens of Ontario who are opposed to the goods and services tax. These petitions come mainly from Kapuskasing, Climpton, Seaforth, Port Dover and Brantford.

Honourable senators, I have the honour to present a petition by 25 young citizens of Grande Prairie and Edmonton, Alberta, who deplore the fact that goods and services tax credits are not available to young Canadian taxpayers under 19 who do not live with their parents. They ask the Senate to call on the government to correct this injustice.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

UKRAINE—RECOGNITION OF INDEPENDENCE—GOVERNMENT POLICY

Hon. Gildas Molgat (Deputy Leader of the Opposition): Honourable senators, my question is for the Leader of the Government. It concerns the recognition of Ukraine. If I understand correctly, the government position is that it is prepared to move very quickly in this regard, but there is a question about the nuclear arms that are presently in Ukraine.

I would like a report from the government on that matter. As well, what is the government doing about biological and chemical arms? These are a major concern, and they relate directly to the defence forces of Canada. Will those arms be included in any discussions? Will there be any safeguards regarding those arms prior to recognition of Ukraine?

• (1410)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have much to add to what I told the house the other day on this subject. We have moved to recognize Ukraine as an independent state and not as part of another state, the U.S.S.R., which it had been.

The next step would be to establish diplomatic relations with Ukraine. Before doing that, we want to engage the Ukrainian government in working out assurances on a number of matters, including secure control of nuclear weapons—as the Deputy Leader of the Opposition has indicated—but also their adherence to and their compliance with existing arms control and security agreements and their adherence to and implementation of all CSCE—Conference on Security and Cooperation in Europe—commitments embodied in the Helsinki Final Act, the Charter of Paris and other CSCE documents.

Therefore, the short answer to the honourable senator's question about biological weapons would be, yes, these are a factor in the discussions in which we will be engaging the Government of Ukraine.

STATUS OF SOVIET UNION—GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, my question to the Leader of the Government in the Senate relates to the same general area.

Last week I raised questions respecting the status of bilateral agreements and treaties with the U.S.S.R. as they apply to the new state of Ukraine. Yesterday, Secretary of State James Baker of the United States declared that the U.S.S.R. has ceased to exist. Does the Canadian government agree?

Hon. Lowell Murray (Leader of the Government): Obviously, major change is under way and new relationships are being developed. The fact that this is being done through a peaceful and constructive dialogue among the republics is very positive.

Senator Grafstein: Could the Leader of the Government in the Senate tell us what the Canadian Government's position is with respect to the self-proclaimed Commonwealth of Independent States which comprise the Ukraine, Russia and Byelorussia? Is Canada in the process of recognizing this new entity?

Senator Murray: Honourable senators, I answered that question when I spoke about the major changes that are under way and the process of peaceful and constructive dialogue that is apparently effecting those changes.

We have received reports from our ambassador in Moscow this morning. The government has been in touch with our senior official in Kiev who is meeting President Kravchuk tomorrow. As the honourable senator knows, European leaders are meeting today. My colleague Mrs. McDougall will be in Brussels next week for the NATO ministerial meeting which will include the new eastern European democracies, and they will be discussing those developments.

Clearly, dramatic change is under way and all the implications are not clear.

Senator Grafstein: The government, having recognized Ukraine, puts itself in a position where I assume it would give preference to the so-called new Commonwealth over the old U.S.S.R. Is that the trend that the government is taking?

Could the honourable senator give members of the Senate some clarity as to what direction the Government is going? Does it intend to stay with the old U.S.S.R., or does it intend to go with the competing force which is the new Commonwealth?

Senator Murray: Honourable senators, I have just answered those questions to the extent that the government is in a position to answer them at this time. We have recognized the existence of Ukraine as an independent state, and we did so without delay because we wanted to waste no time in engaging Ukraine in a constructive dialogue on control and disposal of nuclear weapons, arms control, and especially human rights and the protection of minorities. There is no change in our relationship with the government of the U.S.S.R., and if and when there is such a change, we would announce it in the usual way.

Senator Grafstein: Is the Government of Canada then concerned about Mr. Gorbachev's statements yesterday and in recent days in relation to the instability and the civil strife arising out of the dismemberment of the old U.S.S.R. and, in particular, the state of independence created by Ukraine?

Senator Murray: Honourable senators, obviously one listens with considerable respect to statements by Mr. Gorbachev, who has played such a key role in the recent history of the Soviet Union. Everything he says indicates that he intends to continue to make a positive contribution.

Senator Grafstein: I have one final question. If the Leader of the Government in the Senate cannot answer it today, I will understand. Does the government intend to move forward with recognition of Byelorussia and Russia itself as independent states?

Senator Murray: Honourable senators, my friend is perfectly right. I am not in a position to reply to that question today.

CANADA POST

PRINCE EDWARD ISLAND—PROCESSING OF MAIL IN HALIFAX

Hon. M. Lorne Bonnell: Honourable senators, I would like to take this opportunity to welcome the Leader of the Government back to the Senate. I was a little disappointed last Thursday when he was not here to answer questions, but I was told he was in that great province of Prince Edward Island. He took with him my good friend Senator Phillips. I wonder why, too, I was not offered a seat on the plane, since it was going all

the way down from Ottawa. I suppose Mr. Crosbie had to go down there to do some fund-raising for the Tory party on the same plane, and there was no room for a poor old Grit like me in the back of the plane.

Honourable senators, I have another question concerning Prince Edward Island. As you know, you have taken Prince Edward Island off the map as far as land is concerned. We have sunk into the Gulf of St. Lawrence. Now you are taking away the Post Office as well. All the Prince Edward Island mail will now have to go to Halifax to be processed and stamped. No longer will tourists who come to Prince Edward Island be able to have their mail stamped in the beautiful province of Prince Edward Island, the garden of the gulf, the home of Anne of Green Gables. It will now all be postmarked Halifax.

It also will take another two days for Prince Edward Islanders to get their old age pension cheques, their family allowance cheques, their unemployment insurance cheques, and to get their orders from Eaton's catalogue and Sears'. All the tourists will now remark on their postage from Halifax, Nova Scotia. Prince Edward Island has lost its identity as a province.

Can you tell me what the Government of Canada intends to do to stop the Post Office from doing this?

Hon. Lowell Murray (Leader of the Government): Honourable senators, what this minister will do is obtain a report from Canada Post so that the facts of the matter will be on record in response to the question that the honourable senator has just asked, if it was a question.

With regard to my recent visit to Prince Edward Island, I may say that Senator Phillips had flown there on Wednesday. I went down on Thursday afternoon. I do not know how Mr. Crosbie got there, but he did not fly with me.

• (1420)

Senator Bonnell: Honourable senators, we now know that Mr. Crosbie is celebrating his 25th anniversary in politics—

Senator Adams: As a Liberal!

Senator Bonnell: —in many parties. When the times get tough, the tough get going.

REPRODUCTIVE TECHNOLOGIES

STATUS OF ROYAL COMMISSION

Hon. Lorne Bonnell: Honourable senators, I should like to ask another question of the Leader of the Government in the Senate.

There is another lady in this country, a nice lawyer, a nice looking lady, by the name of Maureen McTeer. Apparently, she is rather upset about the Royal Commission on Reproductive Technologies. Can the Leader of the Government in the Senate bring us up-to-date on what is happening with this Royal Commission? Will Ms. McTeer win out, or will the chairman win out?

Hon. Lowell Murray (Leader of the Government): Honourable senators, all I know about the matter is that a legal action has been launched against the government by four members of that Royal Commission. Frankly, I am unaware of the details.

In any case, the fact that it is now the subject of a legal action would cause me to hesitate before expressing an opinion on the matter.

Senator Frith: Only "hesitate", since it is not clear that the *sub judice* rule applies. It is a carefully selected word.

Senator Bonnell: Honourable senators, in 1991, with all this genetic engineering taking place across the country, and all kinds of new viruses, new bacteria, and other new things being formed, which is perhaps even how AIDS got started, along with other new diseases, is the government considering any controls on the research taking place concerning all these new viruses and other things that have been turned loose in our society?

Senator Murray: Honourable senators, I think it is clear that the type of question the honourable senator has just put would be part of the mandate of the Royal Commission that the government appointed some time ago. As the honourable senator indicates, these are extremely complex and difficult questions, not only in scientific terms but in philosophical terms as well.

We had hoped, and continue to hope, that that Royal Commission will give the government and all Canadians some guidance on the matter.

Senator Bonnell: Perhaps I misunderstood the Leader of the Government. Is he telling me that the Royal Commission on Reproductive Technologies, for example, as it involves birth control, artificial insemination and other matters, has something to do with these new viruses being churned out by genetic engineering?

Senator Murray: Honourable senators, without getting into excessive detail, I think the honourable senator is aware that one of the extremely difficult, complex questions that has arisen in recent years has to do with the use of foetuses, or parts thereof, in scientific research. I took it that that was the kind of question to which he was referring. I would have expected that it is one to which the Royal Commission would have addressed itself.

[*Translation*]

NATIONAL DEFENCE

NATIONAL UNITY—ROLE OF CANADIAN FORCES

Hon. Roméo LeBlanc (Beauséjour): Honourable senators, I just read a report from Canadian Press in today's *La Presse*, which reads as follows:

> The role of the Canadian Armed Forces is not to fight to maintain the unity of this country but rather to act as a centre of stability, around which the elected representatives of this country will democratically decide on its future.

These words were attributed to the Chief of Staff, General John de Chastelain.

I have a question for the Leader of the Government in the Senate. I would like to know what the following means, and I quote:

> . . . a centre of stability, around which the elected representatives of this country will democratically decide on its future.

I certainly don't have total recall, but I think there is a hint of Franco in the terms used. Perhaps the Leader of the Government in the Senate would like to analyse this text and explain the terms "the army as a centre of stability". They are disturbing, to say the least!

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I will direct enquiries to the Chief of staff or to my colleague, the Minister of National Defence, and I should be glad to report back to the Senate at the appropriate time.

[*English*]

PRIVATE BILL

METROPOLITAN GENERAL INSURANCE COMPANY—BILL TO AMEND ACT OF INCORPORATION—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-6, to amend the Act of incorporation of the Metropolitan General Insurance Company in order to authorize its continuance under the laws of the Province of Quebec, and acquainting the Senate that they had passed the bill without amendment.

[*Translation*]

INCOME TAX ACT
CANADA PENSION PLAN
CULTURAL PROPERTY EXPORT AND IMPORT ACT
INCOME TAX CONVENTIONS INTERPRETATION ACT
TAX COURT OF CANADA ACT
UNEMPLOYMENT INSURANCE ACT
CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION ACT
CANADA-NOVA SCOTIA OFFSHORE PETROLEUM RESOURCES ACCORD IMPLEMENTATION ACT

BILL TO AMEND—SECOND READING

Hon. Jean-Maurice Simard moved that Bill C-18, an Act to amend the Income Tax Act, the Canada Pension Plan, the Cultural Property Export and Import Act, the Income Tax Conventions Interpretation Act, the Canada-Newfoundland Atlantic Accord Implementation Act, the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act and certain related Acts.

Hon. Jean-Maurice Simard: Honourables senators, I welcome this opportunity to lead off the debate on Bill C-18. The purpose of this bill is to amend the *Income Tax Act* and other related Acts, and the bill is, as I am sure you will appreciate, significant in both its physical size and its scope. I may add right away that Bill C-18 deserves to be supported by the members of this Chamber.

Honourable senators, as we all know, a fair and effective tax system plays an important role in generating the kind of stability that is indispensable to economic growth and prosperity. To be fair and effective is the very essence of the measures contained in the tax reform implemented by the government as part of its economic renewal plan since 1984.

The scope of this bill is a case in point. It includes income tax measures from the 1990 and 1991 budgets. It also includes several items announced through press releases at the time, as well as a large number of technical amendments which will help to enhance the equity of our Canadian tax system.

Honourable senators, we wish to express our appreciation for the very informative advice we were given on technical aspects of the bill during consultations with taxpayers and their advisers. In my opinion, these consultations have helped to refine these measures.

• (1430)

[*English*]

I would now like to take this opportunity to touch on some key points of this bill, starting with measures to help Canadians with disabilities.

[*Translation*]

In November 1990, the Minister of State responsible for the Status of Disabled Persons announced a wide-ranging government strategy to encourage equal opportunity for disabled Canadians. Some measures contained in Bill C-18 implement this strategy in the tax system.

First, the credit for disabled persons will increase in 1991 from $575 to a maximum of $700. This will bring federal aid for disabled Canadians to $35 million a year. Also, the present eligibility criteria for the credit will be codified so that they are applied fairly and consistently.

[*English*]

The medical tax credit will be broadened for the disabled. The list of medical expenses that are eligible for the credit is expanded, and nonworking Canadians with disabilities will receive a credit for part-time attendant care.

[*Translation*]

The cost of renovations to improve disabled persons' access to a building will from now on be immediately deductible by the owner, instead of deductible over several years. When an employer provides transportation or related benefits for a blind employee or one whose mobility is restricted or provides an assistant to help a disabled person do his or her job, these benefits will not be included in the employee's income.

Finally, someone who receives lump-sum disability benefits from the Canada or Quebec Pension Plan can have these benefits taxed in the years to which they apply instead of having the whole amount taxed in the year in which it is received.

As I said, these measures improve the ways that the tax system provides benefits to one of the neediest groups of Canadians, those with a physical or mental handicap.

Bill C-18 also contains measures included in the 1990 and 1991 budgets that express the government's commitment to strengthen culture and the arts in Canada and to extend their influence.

To encourage the development and dissemination of Canadian culture, the Income Tax Act provides a special tax plan for those who give cultural property to certain public institutions or agencies in Canada. Bill C-18 will strengthen the role of the Canadian Cultural Property Export Review Board in assessing the value of this property and will thus simplify the rules for gifts of cultural property.

[*English*]

There are also new benefits in this bill that will benefit artists directly. Artists who are employed will now be allowed to claim a deduction for expenses incurred in the exercise of their artistic employment. A self-employed artist who donates certified works to designated institutions or public authorities will be allowed to claim a charitable tax credit without having the value of those works included in income.

Honourable senators, this bill also contains measures that will benefit small business.

[*Translation*]

No partner in our economy plays a more essential and critical role in generating growth as well as creating new jobs than the small business. Bill C-18 contains two provisions that reflect the government's commitment to promoting investment in small businesses.

One of these provisions, initially announced in the 1991 Budget, is designed to improve the tax provisions relating to shares in small businesses. For example, a person who makes a capital gain on the sale of shares from an eligible small business corporation is entitled to an increased capital gain exemption of $500,000. However, when a successful private corporation wants to expand and registers its shares on a stock market listed in Canada, it will no longer be considered as an eligible small business corporation. This means that this increased exemption will not be available to the initial shareholders, even as regards gains accumulated while the corporation was eligible. To penalize successful businesses in such a way is counterproductive.

In order to allow a corporation to sell shares to the public without giving up its shareholders' increased exemption, Bill C-18 will provide for the possibility to claim all or part of the amount of the not yet realized capital gain from the disposition of shares without actually having to dispose of them. This reflects the federal government's recognition of the major economic role of small businesses.

[*English*]

Bill C-18 also fulfills another government commitment to improving tax equity and control.

[Senator Simard.]

[*Translation*]

Honourable senators, a basic element of the governement's tax policy is the fair taxation of all income earned in Canada. The 1990 budget included initiatives to ensure that non-residents who deal in Canadian real estate or who create mutual funds to invest in Canadian real estate are taxed appropriately. The budget also proposed that the tax on financial institutions, introduced as part of tax reform, will be extended to life insurance companies. All of these measures have been incorporated in Bill C-18.

Another 1990 budget measure forming part of Bill C-18 is a refinement of the rules relating to registered educatin savings plans. Changes will limit the total amount that may be contributed in respect of each beneficiary and will allow the payment of benefits to a beneficiary under a new plan only if he or she is a full-time student.

In fact, the maximum will now be $1,500 per year per beneficiary.

Another 1990 budget measure concerns pension funds. For many Canadians, retirement planning centres on a pension fund which invests their own, and their employers' contributioins, to provide future income. Before 1990, such funds were subject to a special tax if more than 10 per cent of their assets consisted of foreign property. Recognizing the advantages of investment diversification, this bill includes the 1990 budget proposal to allow pension funds to invest up to 20 per cent of their assets in foreign property by 1994.

Finally, Bill C-18 includes a number of provisions announced separately. Some of these are essentially technical in nature, while others represent significant tax initiatives.

Perhaps I may say at this point that I have asked the department to inform the Banking, Trade and Commerce Committee, to which this bill will probably be referred, of the total cost to the government for each of these measures and also the total cost to the taxpayer. I know by experience, and others with me, that technical amendments often involve substantial amounts for the taxpayer and the government. So I wanted to quantify these figures. It is a catch-all term which may have a very significant impact on some taxpayers. In any case, the committee will be able to evaluate the total fiscal impact of each of these measures.

● (1440)

For example, and I conclude with this, honourable senators, the bill introduces new rules for national labour-sponsored venture capital corporations. These rules will encourage investments in small and developing companies. Other important amendments revise the tax benefits regime for northerners and residents of remote regions of Canada, simplify the calculation of tax on investment income from life insurance companies and implement rules for calculating certain expenses and credits.

In summary, honourable senators, Bill C-18 enacts some important tax measures already announced by the government and improves many technical aspects of the tax system. Since this bill clearly expresses the government's concerns for the

fairness and efficiency of the system, it deserves the support of this House.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on behalf of my colleagues, I thank Senator Simard for his explanation of Bill C-18. I ask hon. senators to look at the bill in their desks. Some may say that this bill contains only technical changes, but as Senator Simard said at the end of his speech, technical changes occasionally involve changes that are not necessarily minor; a small technical change here and there and after a few amendments, the financial impact can be quite significant.

[*English*]

As Senator Dirksen is famous for having said in another context, "A billion here and a billion there and first thing you know you are talking real money".

This bill is the size of a telephone book of a respectably sized city. Perth is certainly respectable, but it is not yet a city. The telephone directory for Perth occupies many less pages than this bill, which has 258 sections and 397 pages.

I say that, honourable senators, to underline what I think is a reasonable request of the committee from senators on both sides to make a careful examination of the bill because often one finds important changes and often one finds mistakes lurking in bills of this kind. In my respectful submission, one of the Senate's principal functions is to pay particular attention to bills of this kind, which are so technical and involve so many sections.

As Senator Simard has said, the bill is an act to amend the Income Tax Act, the Canada Pension Plan, the Cultural Property Export and Import Act, the Income Tax Conventions Interpretation Act, the Tax Court of Canada Act, the Unemployment Insurance Act, the Canada-Newfoundland Atlantic Accord Implementation Act, the Canada-Nova Scotia Off-Shore Petroleum Resources Accord Implementation Act and certain related acts.

As I say, an act here and an act there and first thing you know you are talking about some very wide-ranging amendments.

Senator Simard explained to us that the bill would provide, under the heading of cultural properties, special tax treatment for persons who donate cultural property to certain Canadian institutions or public authorities. The role of the Canadian Cultural Property Export Review Board will be expanded to allow it to assess the value of such property, thus streamlining the rules governing cultural donations.

On the subject of pension funds, this legislation would allow pension funds to invest up to 20 per cent of their assets in foreign property by 1994. Anyone who read the newspapers this morning will have noticed a small piece on this subject referring to this act and pointing out that presently such funds are subject to a foreign investment limit of 10 per cent. The change proposed in Bill C-18 recognizes the advantages of investment diversification and is a matter of importance to those who wish to develop helpful portfolios in their pension funds and RRSPs.

I would like to add a few caveats for the committee, honourable senators. I trust the committee will do a careful study—I assume Senator Simard intends to refer it to committee. I do not want my caveats to be taken as exhaustive, because I have not had the opportunity to study the bill in that kind of detail. Frankly, even had I had the opportunity, I do not think I would have done so because I would be counting on the committee to do its work.

First, let me make one caveat about the Registered Education Saving Plan. The changes introduced by the bill will limit the total amount that may be contributed in respect of each beneficiary and will allow the payment of benefits to a beneficiary under a new plan only if he or she is a full-time student. The objective is to improve controls over the plan. But, in a practical sense, I want the committee to inquire whether these amendments will work to defeat the purpose of such a plan, which is to ensure that the beneficiary will have the financial ability to pursue higher education. These amendments serve to classify those who should receive such benefits—only full time students, as I said—and also serve to limit the amount that can be contributed to such a plan, thus limiting those who will be financially able to pursue higher education. That is the first example of a dimension at which I hope the committee will look.

Senator Simard also told us that, with regard to Canadians with disabilities, the bill implements the government's strategy to promote equal opportunities for Canadians with disabilities. The disability tax credit will be increased for 1991 from $575 to $700, increasing federal assistance to disabled Canadians by $35 million a year. Also, the existing criteria for eligibility for the credit will be codified to ensure fair and uniform application. An individual receiving Canada or Quebec Pension Plan disability benefits in a lump sum will effectively be able to have those benefits taxed in the years in which they relate rather than have the entire amount taxed in the year it is received. That is the good news.

● (1450)

Ms. Beth Phinney, MP, however, gave us some bad news, which I would ask the committee to look at. She pointed out that, although the bill did give disabled people more money, the government was giving it through the front door, but stealing it out of the back door. In Bill C-32, which is now in the other place, the government is attempting to remove more than $2 billion from the Canada Assistance Plan payments, which in turn will cut home care, health care, rehabilitation programs, programs for independent living, and employment services for disabled people. Government cuts to established program financing in the 1991 budget, the Canada Jobs Strategy Fund—and we will be seeing some of that in legislation that I expect we might be getting even before Christmas—social housing and in cash transfers for medicare virtually negate the effect of the additional funds that will result from this bill, as these are the programs disabled persons rely on for help. The measures contained in this bill come nowhere close to compensating disabled Canadians for cutbacks in other legislation.

I take it, Senator Simard, that Bill C-18 will be referred to the Standing Senate Committee on Banking, Trade and Commerce. I ask Senator Poitras and his colleagues, when they receive this bill, not only to take into account and to study these points I am raising, but to look at companion legislation, wait for some of these other bills, and study them together to see if they do have the effect raised by Ms. Phinney.

With respect to the tax treatment of small business shareholders, an individual who realizes a capital gain on the disposition of shares of a qualifying small business corporation will be eligible for an enhanced capital gains exemption of $500,000. However, this provision ignores the true "small businessman", the single proprietor and the small partnership that is not registered as a small business corporation. I ask the committee to look at that also.

This bill also rivises the system of tax benefits for residents of Canada's northern and isolated regions. Bill C-18 changes the boundary dividing those who will receive the tax benefits and those who will not. As a result—and I wish to know whether or not this is true—some people who have previously received the tax benefits will no longer receive it by reason of this boundary change. Perhaps the committee will pursue that, to see whether it results in any unfair effects.

There is certainly good news for artists in this bill. Employed artists will be able to claim a deduction for expenses incurred in the exercise of their artistic employment. I underline the word "employed" artists. As well, a self-employed artist—I suppose they are the ones most targeted for help—who donates certified works to designated institutions or public authorities will be entitled to claim a charitable tax credit without having the value of those works included in the calculation of taxable income.

Honourable senators, there are other amendments proposed by the legislation to existing statutes that I wish to refer to as well. Many of them are aimed at administrative fairness. For instance, the minister will be able to adjust the amount of tax payable and refund any overpayment in certain circumstances. There are also many technical amendments, such as one to provide relief for taxpayers in unanticipated situations where the existing law would operate inappropriately.

I have two concluding points that will put the bill in a slightly larger dimension. John Manley, the member for Ottawa South and a tax lawyer, used the opportunity presented by this bill to discuss tax reform in general. He made the point, and I think a point that deserves attention, that a fair system of taxation centres on principles of equality and should be based on a person's ability to pay. Where they have more, they should pay more; where they have less ability to pay, they should pay less. Under the present government's program, we find that individuals and families at the lowest end of the income scale are paying less in tax; but individuals and families in the highest income categories are also paying relatively less as a percentage of their income. That leaves you and me, I suspect. I am not sure whether all of you are in the same category as I am, namely, the middle class.

[Senator Frith.]

Senator Fairbairn: You are an author.

Senator Frith: I am expecting help from the provisions dealing with artists.

Senator Lynch-Staunton: All authors should be so lucky.

Senator Frith: In order to understand that comment, you have to realize what Senator Fairbairn said. When I said "I am a member of the middle class," she said "You are an author." That was the point of my comment about the provisions in here for an artist.

I think the record should show louder laughter than I actually heard. Would you like to laugh a little louder at that description? What is that, Senator Doyle?

Senator Doyle: I wanted you to repeat the joke so that I could laugh.

Senator Frith: It was not a joke to provoke laughter. In fact, it was not that kind of laughter I was afraid of. I was thinking it would be more likely to provoke derisive laughter. Thank you for your kindness in not doing so.

At the top end of the scale, individuals and families in the highest income categories are also paying relatively less as a percentage of their incomes. The middle classes are bearing the burden of the tax system. Mr. Manley argued that the conservative reforms to the tax system since 1984 are breaking the spirit of the average Canadian, and considered some of the provisions in this legislation as examples to support his thesis.

Finally, there was a specific concern expressed in the other place by Sergio Marchi, the member for York West, about clause 194. This provision aims to put Canadian shippers on a more equal footing with international competition. It proposes to do this by allowing shippers with foreign incorporation not to pay taxes on profits generated from exclusively international operations. The concern is that this provision will encourage the employment of foreign shipworkers while forcing thousands of Canadian shipworkers out of work.

Honourable senators, again I thank Senator Simard for his explanation of this bill. I have drawn attention to some areas that I think merit study by the committee. I am sure there are others, and I do invite and encourage the committee to make a careful study of this legislation, both from the point of view of some of these caveats or questions and also from a technical perspective. I trust the committee will do its usual job, with the advice of technical experts, of ensuring that, apart from the possible dimensions of unfairness, there are not any errors in this lengthy and complex bill. I believe, traditionally, that the Canadian public and the Canadian taxpayer counts on the Senate and the committee now headed by Senator Poitras to do exactly that.

Motion agreed to and bill read second time.

[*Translation*]

REFERRED TO COMMITTEE

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

On motion of Senator Simard, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

THIRD READING—DEBATE CONTINUED

On the Order:

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

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

4. Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date the Official Languages Act applies to the airport authority, with such modifications as the circumstances require, to the authority in relation to the airport as if

(a) the authority were a federal institution; and

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

Hon. Eymard Corbin: Honourable senators, I shall be brief. I have no prepared speech. I do not need one.

I have been working in the field covered by the Official Languages Act practically ever since I was born. A New-Brunswicker by birth, I have had the pleasure and the good fortune of growing up in a bilingual environment. Our neighbours spoke English, and we spoke French. So, they learned French from us as we learned English from them. We remained either French-Canadians or English-Canadians, but we became bilingual.

I have had the privilege of working with the group that considered the very first official languages bill in 1969. I had the privilege and the pleasure of presenting New Brunswick's amendments to be enshrined in the Constitution in the early 1980's, when I sat on the committee. I take a daily interest in everything that relates to the Official Languages Act.

I realize with sadness that the spirit and the letter of that act are not always followed. How often do we, in the Senate, receive official documents that are not available in French, and generally, the guilty party is on the other side.

I do not have a text to read from today. I will talk from experience and try to remember what was said in committee by some people.

Obviously, I rise to support the amendment proposed by Senator Frith, which stems from the very sensible comments made by our auditors, if I may use that word, with regards to the Official Languages Act, the Official Languages Commissioners. Mr. d'Iberville Fortier and the present commissioner, Dr. Goldbloom, both thought important to state that other provisions of the Official Languages Act should also be included in this bill in order to ensure the most respect possible for both languages as well as to preserve acquired rights.

This bill requires that the public be served in the language of its choice. The people who drafted this bill decided not to include any provisions regarding the language of work and the equal distribution of available jobs between both linguistic groups.

As Senator Simard told us so eloquently in his speech last Thursday, for which I want to congratulate him, what this means is that, for all intents and purposes, notwithstanding those two other factors in particular, francophones at Moncton Airport in New Brunswick, for example, could very well find themselves deprived of a large part of their acquired language rights if that airport were privatized. Those rights would thrown out the window.

People will say, yes, but as the local authority at Dorval Airport tells us, we have nothing to learn from anybody in Canada with respect to the Official Languages Act. We have always been upright in this. Granted, to a certain point. The fact remains that the Official Languages Commissioner has received numerous complaints not only from the public, but also from employees at the Dorval and Mirabel airports. Without guarantees, without the protection afforded by the law, rights do not exist any more.

That is why I think that Senator Frith's amendment, which is in line with comments made by the last two official languages commissioners—and I would guess that the previous ones would have agreed, had they been consulted—should be passed. I support the bill and urge all the honourable senators to support it too.

At present, there is a great deal of concern about the future of our country. Not just because of the constitution debate, not just because of the economy. The Canadian people are also concerned about the opening up of the North-South borders. We are wondering what is happening to Canada as an entity. We are wondering what will become of our good neighbour relations with the US.

We have every right to wonder—and I am sorry to be criticized for it but I will say this anyway—if we, the francophone minority outside Quebec, to which I belong, will still have the support of our fellow Canadians from Quebec.

In the past, the Quebec people have been generous with Canada's minorities. I worked as a journalist at the now defunct New Brunswick newspaper *L'ÉVANGÉLINE* among other places. It has been replaced by another French-language daily newspaper. Heaven knows that, had it not been for the generous donations of our fellow countrymen and women from Quebec, *L'ÉVANGÉLINE* would have ceased to exist back in the 1930s.

The francophone minorities in the country need the continued support of their friends in Quebec.

I am not criticizing any one for not supporting us. But in Quebec the focus on internal problems is such that the Canadian entity tends to be forgotten. That is why I call upon the

French-Canadian community both in Quebec and outside, and even upon my fellow citizens who are English-speaking.

● (1510)

Most, if not all, of us here have already come out for a united Canada and an Official Languages Act. Therefore, honourable senators, I ask you to support Senator Frith's amendment, which takes nothing from anybody but which protects acquired rights and which will take nothing from anybody in the future.

We talk about the profitability of companies that will be privatized. We ask about the margin between profit and loss if the Official Languages Act is implemented in a privatized company. We already know that many private businesses have seen fit to hire French speaking employees. Some Quebec companies also have hired employees who can work in English, in order to get markets elsewhere in Canada and abroad. The same thing is being done in English Canada. Many private companies have programs to promote their French-speaking personnel.

I know for a fact, and Senator Simard can confirm this, that in our city of Edmundston, the Fraser company, which is a subsidiary of Noranda, although I do not know what the situation is right now and who controls Fraser, because there has been so much vertical integration.

In any event, 20 years ago, the Fraser company had room for French Canadians. Yes, there was room for them to chop down trees, to drive the teams of horses, to use the chainsaws, to drive the trucks and to make sure that the timber was going through the grinders and the plant, and that the pulp was taken to Madawaska to make paper for Sears catalogues in the United States, for *Time* magazine, etc.

One day, a president of the Fraser company, who was of American origin, came and did something that none of his predecessors had done before him. He went and paid his respects to the Roman Catholic bishop. He did the same thing with the ministers of other denominations, the priests, the mayor. He signed the golden book. And then, he asked about how the company operated. He said, How do you fit into Edmunston-Madawaska society? I want to know how you operate.

He realized that there was not a single French Canadian in senior management. None. Not one. Then he said, "That will change. We will start by giving French Canadians a chance. They are not dumber than anyone else. We will take them at the beginning. We will give them training courses. We will give them a chance to prove themselves." When a French Canadian got an engineering or forestry diploma in Fredericton, he often had to go elsewhere to practise his profession. If he worked for a company like Fraser, he was blocked at a certain level. All that has changed. Now a French Canadian—right, Senator Simard?—is the manager of the Fraser plant in Madawaska, Maine, other side of the St. John River, which is our border.

Do not tell me that implementing some parts of the Official Languages Act will make the difference between profit and loss for companies that are to be sold or privatized. I do not believe that. Many private-sector companies in Quebec and Canada have understood the opposite: that it is good to have representatives of both official-language groups at all levels.

[Senator Corbin.]

Canada being what it is, new Canadians who have come to Canada with an ability to speak other languages are also encouraged to seek management positions. They have their place too.

Today, we would say that the federal government is turning back the clock. On the grounds of the sacred criterion of profitability, it would remove these companies to be privatized from the spirit, if not the letter, of the Official Languages Act.

I am sure that I could find at least 50 per cent of English Canadians who would support Senator Frith's amendment.

We need only look at the most recent booklet published by the Official Language Commissioner's Office, *Facts and Figures*, on the results of a survey conducted by the CBC, the *Globe and Mail* and *Canadian Facts* in April 1991.

> Eighty-four per cent of Canadians said that French and English should be treated equally in Canada.

Here is the February 1990 Angus Reid poll.

> Seventy-four percent of Canadians would like their children to be bilingual.

Environics, February 1990.

> Seventy-two percent of Canadiens approve of the fact that Canada has two official languages.

Environics, May 1990.

> More than two thirds of Canadians continue to be in favour of the provision of federal services in both official languages; 92 percent of Francophones and 61 percent of Anglophones.

CBC, *Globe and Mail, Canadian Facts 1991.*

> More than two thirds of the persons polled stated that two official languages . . .

These are Canadians speaking. These are not parliamentarians, members of Parliament or senators. This is what Canadians are saying:

> Two thirds stated that their preferred option was two official languages throughout Canada. Seventy-five percent of Francophones and 59 percent of Anglophones.

I could quote you other polls. I recommend this pamphlet. It contains all the polls done on the issue, polls which are extremely positive. Canadians show an extraordinary open-mindedness. They want to keep this country together. They know the kind of cement which will allow it to stay together.

I don't know why the government, in order to appease certain individuals, for the sake of sacred profitability, goes against public opinion.

Honourable senators, I support wholeheartedly support Senator Frith's amendment. I thank those who will do likewise. I ask all honourable senators to think seriously about the consequences of not including this amendment in the bill. I thank you for your attention, honourable senators.

Hon. Louis J. Robichaud: Honourable senators, I move the adjournment of this debate, with the intention to make my speech on Wednesday, December the 11th.

Meanwhile, if another senator wishes to take part in this debate, please feel free to do so.

On motion of senator Robichaud, debate adjourned.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—THIRD READING

Hon. Jean-Marie Poitras: Honourable senators, I move that bill C-10, an Act to amend the Excise Tax Act and the Excise Act, be read the third time.

Motion agreed to and bill read third time and passed.

• (1520)

[*English*]

CRIMINAL CODE
NATIONAL DEFENCE ACT
YOUNG OFFENDERS ACT

BILL AMEND—THIRD READING—DEBATE ADJOURNED

Hon. Mabel M. DeWare moved the third reading of Bill C-30, to amend the Criminal Code (mental disorder) and to amend the National Defence Act and the Young Offenders Act in consequence thereof.

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

Hon. Richard J. Stanbury: Honourable senators, I should like to make some remarks on Bill C-30 tomorrow. Therefore, I move the adjournment of the debate.

On motion of Senator Stanbury, debate adjourned.

BUSINESS OF THE SENATE

On Government Motion:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, the government's position on this motion was given when Senator Murray gave notice of it last Thursday. We were satisfied with its intent and, if our message is accepted, we ask that the number of senators to sit on this joint committee be increased from five to seven. I believe that meets with the approval of the other side. Perhaps we could pass it as a result of that.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Where is the motion?

Hon. Royce Frith (Leader of the Opposition): That motion is not yet up for consideration.

Senator Lynch-Staunton: I called it as Government Business.

Senator Frith: It must be wonderful to be in the government. Under these new rules you snap your fingers and anything comes up. I won't say, "our day will come", because I hope that if it does we will change these rules.

Senator Lynch-Staunton: The motion itself is on page *vii* of the *Minutes of the Proceedings of the Senate*.

Senator Frith: I know, but it is way down the list. In the good old days we dealt with things as they came up. The government could not just, like reaching into a hat, pull something up and bring it on whenever it wanted to. However, that is what the government can do under these new rules. I take it that is what it is doing now. We are now dealing with that motion.

Senator Murray is supposed to speak to it. Lo and behold, here he is.

The Hon. the Speaker: I understand, honourable senators, that when Orders of the Day were called Senator Lynch-Staunton asked for leave to have this motion—

Hon. Lowell Murray (Leader of the Government): No, no, no.

The Hon. the Speaker: That is what I understood.

Senator Frith: It was a bill he had asked to bring forward, and we accommodated him by debating it.

Senator Murray: If I may, my friend the Deputy Leader of the Government was availing himself of the provisions of the new rules according to which the Leader of the Government or the Deputy Leader can indicate the item of government business to be considered at any given time.

Senator Frith: Like Houdini, or like a card trick, bring the Jack of Spades to the top of the deck with a snap of the fingers.

Senator Murray: As the honourable senator knows, this is the practice that is followed in virtually all parliamentary assemblies with which he and I are familiar.

Senator Frith: Thereby contributing to the irrelevance and death of Parliament.

Senator Murray: Honourable senators, I did ask for the indulgence of the house on December 4 when I gave notice of this motion.

The Hon. the Speaker: Senator Murray, I am sorry to interrupt you, but, if you wish to go ahead, or unless this is an explanation, you must move the motion.

Senator Murray: Mr. Speaker, you are quite right. I would move the motion standing in my name.

MEMBERS OF THE SENATE AND THE HOUSE OF COMMONS CONFLICT OF INTEREST BILL

APPOINTMENT OF SPECIAL JOINT COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-43

Hon. Lowell Murray (Leader of the Government), pursuant to notice of Wednesday, December 4, 1991, moved:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee of the Senate and the House of Commons empowered to undertake a comprehensive review of the subject-matter of Bill C-43, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of Members of the Senate and of the House of Commons, to establish a Conflict of Interests Commission and to make consequential amendments to other Acts;

That the Committee may, in fulfilling its mandate, review the conflict of interest approaches used in other jurisdictions and any other matter related thereto;

That the said Special Joint Committee be composed of 14 Members of the House of Commons and 7 Members of the Senate;

That the Members to act for the Senate on the Special Joint Committee be the Honourable Senators Balfour, DeBané, Grimard, Kelleher, Oliver, Olson and Stanbury;

That the said Special Joint Committee have all powers of a Standing Committee of the House of Commons pursuant to Standing Orders 108(l), 120, 121, and Rule 91 of the Rules of the Senate;

That the Special Joint Committee have power to sit during sittings of the Senate;

That the Special Joint Committee be empowered to appoint, from among its members, such sub-committees as may be deemed advisable, and to delegate to such sub-committees all or any of its powers, except the power to report to the Senate;

That the Special Joint Committee be permitted to request adequate support from the government for drafting its final report in the form of a bill or report Bill C-43 with or without amendments or in the form of principles that could be embodied in the legislation; and

That a Message be sent to the House of Commons to acquaint that House accordingly and to request that the Commons concur in the amendment made by the Senate increasing the membership to 7 Members of the Senate.

He said: Honourable senators, when I gave notice of this motion on December 4, I received the leave of the house to make a brief explanatory statement. That statement is to be found at page 676 of *Debates of the Senate* for that date.

This motion is put forward in response to the message which came from the House of Commons seeking the establishment of the joint committee of that place and this place to consider the subject matter of the conflict of interest legislation that the government tabled some time ago.

The message which I am proposing here is identical in all respects to the motion passed by the House of Commons, except in respect of the number of senators on the committee. The original motion passed by the House of Commons called for five senators; the message which I am proposing would provide for seven senators.

[Senator Murray.]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I was not here last week on the day that Senator Murray gave notice of his motion. However, it is quite clear from reading his statement in the *Debates of the Senate* that, indeed, some indulgence was granted the honourable senator. He gave an explanation of his notice of motion at the same time as giving the notice. I underline that just to say that it did, in effect, mean an abridgement of the notice in this case. However, the good side of that is that it gave me an opportunity to read the explanation. He has added little today to what he said then, because there was very little he could add to what he said on December 4, 1991, as reported at page 676 of the *Debates of the Senate*.

As I think we all know, this motion is the result of an all-party agreement as far as I know, on all sides in the other place and certainly on both sides here—and flows from consultations, as mentioned by Senator Murray, of last week, as confirmed by Senator Molgat. Therefore, we intend to support this motion.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, while under normal circumstances this motion might be the subject of a great deal of debate, we agreed that we would move forward with it and not hold it up today. I understand that in order to get the committee established before the other place leaves at the end of this week we have to get it back into their hands.

Therefore, I do not intend to debate the matter any further, to that we can have that committee established now.

• (1530)

Motion agreed to.

VIOLENCE AGAINST WOMEN IN CANADIAN SOCIETY

ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith, calling the attention of the Senate to the violence against women in Canadian society and the desirability of investigation of the subject by a Senate Committee.

Hon. Royce Frith (Leader of the Opposition): I object to the word "five" appearing beside this order, because as I pointed out last week, the provision is that, unless previously ordered, any item under other business, inquiries and motions that has not been proceeded with during 15 sitting days shall be dropped from the Order Paper. Therefore, while I do not mind their putting the number there, I will object if, after it reaches "fifteen", it does not still appear on the Order Paper, since it is not covered by rule 28 (3) because it has been proceeded with. I spoke to it and I adjourned the debate.

Order stands.

VETERANS AFFAIRS

PRISONERS OF WAR COMPENSATION—IMPLEMENTATION OF RECOMMENDATIONS—REVIEW OF ACT—GOVERNMENT RESPONSE—MOTION ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Kinsella:

That the Senate acknowledges the implied responsibility of the Government of Canada to compensate the Canadian Hong Kong prisoners of war for the suffering they endured in the Japanese prisoner of war camps; and prompts further action;

That the Government should consider the advisability of seizing the opportunity to provide benefits still denied to other prisoners of war, to which they should be entitled by right, by implementing the recommendations contained in the report of the Senate Subcommittee on Veterans Affairs, Its Almost Too Late, as a result of the evidence given by the following:

The National Prisoner of War (European Theatre) Association;

The Dieppe Prisoner of War Association;

The Merchant Navy P.O.W. Association; and

The Koncentration Lager Buchenwald Club.

The recommendations are as follows:

6. That the rates of compensation provided for under the Prisoners of War Compensation Act be reviewed with the objective of taking into account the severity of the prisoner of war regime forced on veterans by the award of additional compensation for each month deemed extremely severe, and that two additional categories be added at appropriate rates of compensation for those veterans who served 30 months or more as prisoners of war; and

7. That for the purposes of establishing entitlement to the Veterans Independence Program, receipt of prisoner-of-war compensation be treated as proof of undiagnosed medical disability.—(*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On Thursday last when this order was called, I indicated that I would be speaking today, because yesterday was the actual anniversary. However, I was speaking at that time at the request of Senator Marshall, he and I having discussed the matter. I would propose now that Senator Marshall proceed, and then I will continue after him.

Hon. Jack Marshall: Honourable senators, I thank Senator Molgat for yielding to me on this order. Although much has been said about the 50th anniversary of the Hong Kong battle, and some excellent articles appeared in the *Vancouver Sun* and in the *Globe & Mail*, as I was reminded by Senator Frith, I would like to mark on the record this date of historical importance.

Yesterday, Sunday, December 8, marked the 50th anniversary of Canada's participation in the defence of Hong Kong against the Japanese. Of the 1,973 Canadian soldiers of the Royal Rifles of Canada and the Winnipeg Grenadiers, only 550 still survive. After a fierce battle marked actions resulting in by 53 decorations for gallantry, including the Victoria Cross—a decoration which is now under threat by our government—the Canadian troops were forced to surrender and endured nearly four years of cruel captivity.

As we reflect back a half-century, it is clear that our then as-yet-untrained soldiers should not have been committed to battle. Winston Churchill said that Hong Kong was indefensible, but Canada was deliberately kept uninformed of this, and Churchill turned out to be right. The two proud regiments were the least trained of any of the Canadian battalions in battle. Yet, despite the odds, the comparatively inexperienced Canadian soldiers pitted themselves with honour against a much more experienced Japanese force, even though we were outnumbered and lacking in air support.

That fierce 18-day combat was really only the beginning of a long ordeal. Many of our Canadian soldiers were bayonetted or shot by Japanese troops to whom they tried to surrender. Hospitals were ransacked, patients were killed, and nurses raped. This would become a familiar pattern as the Japanese conquest extended across southeast Asia.

The Royal Rifles of Canada and the Winnipeg Grenadiers were Canada's first infantry in action in the Second World War, but their greatest ordeal was nearly four years of imprisonment in which they were starved, beaten and wracked by tropical diseases. They worked as slave labour in Hong Kong. Nearly 300 died in combat; nearly 500 were wounded; and 266 died as prisoners of war.

The death toll in the aftermath of peace was worse still. The effects of captivity shortened their lives. Many died prematurely back in Canada. Now only a quarter of those who set out for Hong Kong still survive.

A little aside on the two famous regiments: Until they were disbanded in the 1960s, the Grenadiers and the Rifles were entitled to carry on their regimental colours the unique battle honour, "Hong Kong, Southeast Asia 1941", along with their honours from World War I. That symbolizes their courage in battle and during nearly four cruel years of Japanese captivity. It is part of the lasting honour which Winston Churchill once ascribed to the defenders of Hong Kong. I repeat, for 550 survivors, the honour remains, although the reason for their being there is still uncertain.

On Saturday, December 7, 1991, a small group from the Royal Rifles of Canada gathered in the historic Menage Militaire Armoury in Quebec City's Grand Allée, where they were once based, to re-dedicate plaques to the men of Hong Kong, more than a quarter of whom died in battle or in prison camps, and many more prematurely in the peace, from the treatment they received as prisoners.

Honourable senators, today, veterans of Hong Kong are waging another battle against the Japanese for compensation for atrocities, starvation, brutality and abuse as prisoners of war. Led by such stalwart ex-prisoners-of-war survivors as

Harold Atkinson and John Stroud, who are the heads of the Manitoba and Ontario branches of the Hong Kong Veterans' Association, and supported by the War Amputations of Canada, they are part of 250,000 allied ex-prisoners of war claiming compensation before the United Nations Human Rights Commission. Yes, 50 years later, the Hong Kong veterans and others who served in support are determined to achieve deserved recognition for redress, as much as to serve as a future bulwark against maltreatment of prisoners of war.

The fight for overdue and deserved recognition for those ex-prisoners of war still continues one half-century later. I am sure we, in the Senate of Canada, pledge our support and respect. With Canada now in full fight on an international human rights campaign, it is only logical that our country should uphold the human rights of ex-prisoners of war, before the United Nations Human Rights Council, of which we are a member.

Senator Molgat: Honourable senators, I want to follow and echo what Senator Marshall has said about the very sad events at Hong Kong 50 years ago yesterday, when it began, and ending on the 25th of December insofar as the fighting was concerned, but quite obviously the pain and suffering of those who were taken as prisoners of war continued much longer.

• (1540)

As a senator from Manitoba, I want to make particular note of the fact that one of the regiments involved was the Winnipeg Grenadiers. As we have had some discussion recently about the Victoria Cross, and the matter is before us again, I want to point out as well that one Victoria Cross was awarded as a result of the Hong Kong battle, and that was to Company Sergeant-Major Osborn of the Winnipeg Grenadiers.

On Friday and Saturday of the past week there was a meeting, which is held every two years in Ottawa, of the honorary colonels and honorary lieutenant-colonels of Canadian regiments. It was my privilege at the conclusion of that meeting to take note of the events at Hong Kong 50 years ago, and a two minute silence was observed by all officers present. Senator Marshall has referred to the excellent story that appeared in the *Globe and Mail*, and I certainly want to give credit to that newspaper for that coverage. I thank my colleague across the way, the Honourable Senator Lynch-Staunton, who has also given me a copy of the very fine article that appeared in the Montreal *Gazette* that portrays the full story of Hong Kong.

It is important that Canadians take note of these heroic deeds of young Canadians. They were indeed very young Canadians, many of them barely 17 years of age. Because of the influence of our media, I think we have a tendency to look upon December 7 and December 8 as being a Pearl Harbor operation. Certainly from the American standpoint, that battle is very important to them, and I do not want to belittle that in any way. We sometimes forget that there was a major Canadian involvement as well—a regretable one, I agree. It is most unfortunate that we were involved but we were there, and those young Canadians acquited themselves marvelously. When I consider that there was absolutely no air cover and

[Senator Marshall.]

that they were vastly outnumbered, the fact that they could even hold out from December 8 to December 25 is a marvel in itself. So I pay tribute to all those young men from the Winnipeg Grenadiers and from the Royal Rifles of Canada, a unit based in Quebec City. I think it is fitting that we recall the sad events of that time.

Hon. Edward M. Lawson: Honourable senators, may I just add a word to support what Senator Molgat and Senator Marshall have said. It is true that it is almost an American tradition that we see on Canadian television each December 7 the film *Tora, Tora, Tora* about Pearl Harbor. That is as it should be, that the world should never forget the treachery of that attack. President Roosevelt described it as "a day that will live in infamy".

It is unfortunate that, while we do watch that film religiously every year—and I think that is good—the incidents and the heroism that Senator Marshall has talked about in his presentation are overlooked. For the first time in a long time we are now able to read about this matter in various publications in this country. It is important for present generations to do what we can in support of the proposed motion, and the redress that Senator Marshall seeks for these victims. It is important for future generations that the attrocities that took place and the heroism of Canadians involved not be forgotten. I congratulate Senator Marshall, and I think we should pledge whatever support we can to see that proper recognition is given to the people involved.

Hon. John M. Forrestall: Honourable senators, may I join with Senator Marshall and Senator Molgat, and others who have commented on those events, to draw to the attention of honourable senators that these two regiments, made up largely of reservists, were composed of young men who came, not just from the parts of the country that might be indicated by the regiment names, but from all parts of Canada. I can think immediately of a number from the Maritime Provinces. Indeed, I can think of several who came from that great province of Newfoundland. I should like to remind honourable senators that that force, almost expeditionary in nature, was universal in terms of its representation of Canada and young Canadians who wanted to serve at that point in time.

Motion Adopted.

RAILWAYS

PROPOSED SALE OF RAIL LINES—DEBATE ADJOURNED

Hon. B. Alasdair Graham, rose pursuant to notice of Tuesday, December 3, 1991:

> That he will call the attention of the Senate to the ramifications of the sale or proposed sale of certain rail lines in Canada.

Senator Graham: Honourable senators, I want to alert everyone at the outset that I may finish my remarks within the 15-minute time period allotted under the new rules. That would be a welcome surprise for everyone, but in the event that I stray a minute or two beyond the time limit, because of

the seriousness of the matter I am about to discuss, I would ask in advance for the indulgence of all honourable senators.

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

Hon. Senators: Agreed.

Senator Graham: Honourable senators, we are now faced with the imminent sale and possible shutdown of the Truro-Sydney rail line in Nova Scotia. This event is taking place with breathtaking rapidity, as have all the other railway abandonments in Atlantic Canada.

Senator Frith: With the speed of an express train.

Senator Graham: Well-put, Senator Frith. Comparisons are being made with the Route Canada fiasco. I believe those comparisons will prove to be accurate in the long term on the assumption that its sale to private interests will ensure its eventual demise. The Truro-Sydney line is an active living presence in my part of the world. It is essential to the economic survival and development of eastern Nova Scotia. In addition, it possesses enormous symbolic value to Nova Scotians. For the time being I would like to anchor the issue in a broader perspective.

To begin, there is obviously great pressure on CN to modernize and innovate in response to the increasingly competitive conditions of global shipping patterns. The struggle to maintain competitive rates throughout the next decade and into the next century will be undeniably intense. For a whole series of reasons, some related to globalization, some relating to financial cutbacks and others centred on the competitive advantage enjoyed by the trucking industry for small shipments, railways have begun to rationalize their systems by giving up what they view to be peripheral lines.

• (1550)

We are now faced with a critical situation in Nova Scotia. A logical railway-road balance no longer exists. The landscape is strewn with the wreckage of abandoned lines. The federal government aids and abets a process of almost casual divestment. The remaining lines are under-utilized. Critics argue, and I believe correctly, that the railways have not bothered to market their services adequately. Abandonment, it is claimed, is an easier remedy. In the meantime, pressures on provincial highways increase constantly, promoted by the federal government's deregulation legislation. Nova Scotia's road system simply cannot support the traffic.

It has been pointed out that one truck trailer does the equivalent damage of 9,600 cars to Nova Scotia's highways. One can only begin to imagine the dangerous conditions that would be caused by the potential closure of the Truro-Sydney line. At the same time the federal government is adding to the pressure on surface transportation by reducing its financial commitment to railways. The transport system will continue to deteriorate largely because we have a plethora of decision-makers in the transport world who employ different criteria in different areas.

Mark Twain once said that if you don't know where you're going, any road will take you there. This is an age of transport by "ad-hocery" on the part of the provinces, on the part of the federal government and on the part of crown corporations like C.N.

With respect to the latter, I am only partly sympathetic to the Promethean imagery so unrelentingly communicated to the Canadian public. As Ross Walker pointed out in the September issue of *Policy Options*, Canada's largest crown corporation faces regulatory delays in implementing new technologies which inhibit its ability to compete in global markets. Once the principal mode of freight transport in this country, railways are now hauling less than a third. Trucking has become the dominant means of freight transport and the rail mode has suffered. It is true that there is no level playing field for surface transport carriers.

Yes, railways are facing difficult times—perhaps much of that does have something to do with the burdens of history;—yes, they may be condemned to a kind of eternal torment. So be it. In the meantime, we live in the absence of any kind of rational policy regime. We do not know where we are going, but we are assured by the present government that the market will take us there.

The National Transportation Act of 1987 was based on faith in market forces. But there is also enshrined in it a recognition that national transportation policies include the objective of regional economic development. This is not helping us in Atlantic Canada right now because it is clearly a subordinate principle. Its actualization depends on the political will of the present government. The main thrust of our experiment in deregulation is that the railways may abandon any line—including branch lines—up to a maximum of 4 per cent of their mileage annually. Railways continue to abandon lines which are vital to local shippers. Many shippers who have relied on the rail mode in the past often cannot come up with the capital necessitated by the switch to intermodal packages.

Technically, under Section 175 of the NTA, shippers who cannot upgrade for intermodal conversion can be compensated in the event of economic harm from railway abandonment. The compensation packages are muddled and the methodology of ascertaining compensation enormously complicated. One applies for compensation at one's peril. There is really no way of knowing how many shippers have suffered conversion losses in anticipation of railway abandonments, or how many more have been demoralized at the prospect of wading through yet another bureaucratic maze in search of compensation.

The Truro-Sydney line is a vital presence. It has suffered from the closure of the Newfoundland railway, from the loss of the VIA Rail passenger service and from losses in coal and gypsum traffic, among many other things. Yet if one looks at the criteria for an essential railway network published by the National Transportation Agency, the Truro-Sydney line has many of the characteristics listed therein.

In 1988, the consulting firm of Peat Marwick was hired by the province of Nova Scotia to assess and analyze surface freight alternatives in order to advise the province on the formulation of rational transport policies into the 21st century.

Its lengthy final report was released in January, 1990. It warned of the dire consequences attached to the abandonment of the Truro-Sydney line under the continuation of existing government policy both at the federal and provincial levels. I would like to read a couple of paragraph from chapter VII, page 3 of this report.

> The possible abandonment of the Truro-Sydney rail line is the most serious concern. This would substantially harm certain shippers who now depend on the line. These include Devco (coal), Georgia-Pacific (gypsum), Sydney Steel, Stora Forest Industries (newsprint and pulp), Canso Chemicals (chlorine and caustic soda), Trenton Works Lavalin Inc. (railway cars and axles), and Michelin Tire. It would lead to significantly increased shipping costs which would have a detrimental effect on the shippers' ability to serve their markets. In today's competitive environment, the results could lead to plant closures . . .
>
> Safety and environmental impacts of loss of the Truro-Sydney line are additional serious matters, although they are more difficult to assess. In addition to increased truck traffic on the highways, the transport by road of dangerous commodities such as chlorine, caustic soda, and propane will increase public exposure to dangerous goods and the associated risks of an accident.

The sale of the line which, as sure as I am standing here, will lead to its deterioration and eventual abandonment, has alarming implications for existing businesses. That has already been well documented by concerns expressed through the media in Nova Scotia. But uncertainty with respect to the future of that line, even today, would seriously impair every effort to attract new business to that region of Canada.

We obviously have a threatening situation on our hands, but you cannot blame C.N. alone for this. We presently see no policy coordination in this country and disparate modal jurisdictions simply aggravate the situation. Greater provincial and federal policy cooperation is not the whole answer, but without it we will see a gradual deterioration of our freight transportation system.

The federal government has responsibilities under the NTA with regard to regional economic development which, in this case, the province of Nova Scotia must encourage the federal government to carry out. In the meantime, our chaotic transport environment precipitates economic disaster for our people, yet government officials tell us to let deregulation run its course. Catch phrases such as these, in my opinion, are deadly—particularly so when they become part of a government lexicon and become surrogates for genuine thought.

● (1600)

When Ernest R. Forbes wrote his well-known account of the demise of the old Intercolonial railway, and, commensurately of a regional transportation policy for the Maritimes in the first two decades of the century, he focused on the over-zealous application of the catch phrase 'rate equalization' by the then Board of Railway Commissioners.

[Senator Graham.]

Some honourable senators will recall that a differential had been built into the Maritime freight rate structure in the early years of Confederation to ensure that the Intercolonial functioned as an agent of a regionally-oriented transportation policy. John A. Macdonald repeatedly referred to the Intercolonial as "a political consequence of political union". Such policies of regional flexibility led to a spectacular period of industrialization and growth in Maritime Canada. As the historian, T.W. Acheson has shown, Nova Scotia's per capita growth in manufacturing exceeded that of any region in Canada between 1880 and 1910. Between 191220, the catch words "rate equalization" reigned. Consequently, the differential was abolished, the Intercolonial was absorbed into the C.N.R., the Moncton headquarters were dismantled, the special rates for sugar and coal were eliminated, and freight charges were equalized with Central Canada.

The new rates were a tremendous blow to the Maritime regional economy. As the Maritime Rights Movement consolidated strength in the post-war period, its advocates protested that the original Confederation agreement had not meant that the Intercolonial would be included in a symmetrical system. They argued that rate equalization and return on capital had become the only considerations. They knew that railways were not only a business, but that they had a responsibility to the communities they served.

As a result of what Forbes called attempts at "misguided symmetry", the Maritime economy lurched from disaster to disaster. Between 1919 and 1921, the total number of people employed in manufacturing declined by 42 per cent. The decline had the fatal ring of permanence about it. After the original collapse and the resultant failure to recover, the dramatic exodus of approximately 150,000 Maritime skilled workers and professionals began. We do not want that to happen again. We will not let it happen again.

In those days, the Railway Traffic Board's assumption that a mile is a mile is a mile led to disastrous consequences. Under the banner of that deadly catch phrase "rate equalization", Maritime Canadians were treated as a footnote to railway rationalization. Substitute the word 'market' or 'deregulation'—the government lexicon of the present day—for the term 'rate equalization' of yesterday, honourable senators, and you will then see the peril faced by real people in the event of official fascination with 'misguided symmetries' or 'contemptible configurations'—call it what you like.

However, along with this we must consider the enormous symbolism inherent in the potential abandonment of the line. It would mean a very explicit, very visual reminder to many Nova Scotians that they are even more permanently disadvantaged within the Canadian Confederation. Those 'two rusted lines of track' would not be so much indicative of our present economic discontent as they would be of our future incapacity. That thin spine of steel, honourable senators, is still a reminder to Canadians that we are a union.

The Truro/Sydney line is a railway indigenous to this century, not the last century. It is an active, living presence—a vital life force in our region. It is a symbol of our right to

equity in our Confederation. It is symbolic of our 'right' to a better future. In a region where the official unemployment rate is presently over 17 per cent and the unofficial rate much higher, closure of the line for our people would represent the last straw.

As I said in this Chamber on September 24 in my response to the Speech from the Throne, we Nova Scotians are caught up in the ferment of adaptation to a new world of increasing interdependence. We know that there is an important link between the ability to think globally and the ability to act locally. We need a transportation policy, the development of a viable policy regime, which will facilitate the dynamism of people at the local level. We need a viable policy regime—a balanced railway/road policy— which will assure us of a ticket to the 21st century—a front row seat in the arena of global transformation. The abandonment of the Truro/Sydney line will impair our ability to act at the local level. It will ensure that we are not on the playing field, but only spectators in the bleachers of the future.

In conclusion, whether the reasons are historical or the simple, practical realities of the 1990s, this is an appropriate issue for Senate consideration. I invite other honourable senators to participate in the inquiry, and I give informal notice that, in the near future, I will seek support in the Chamber for a reference of this and other related matters to the Standing Senate Committee on Transport and Communications.

In the meantime, because of the uncertainty and because of its effect on future planning for expansion of existing industries, or indeed the development of new industries, I urge the Chairman of the Standing Senate Committee on Transport and Communications to convene a meeting of his committee on an urgent basis, and consider the possibility of sending a subcommittee to eastern Nova Scotia at the earliest possible date so that we can examine at first-hand the real seriousness of the situation.

Hon. Finlay MacDonald: Honourable senators, before I attempt a response to Senator Graham on a rail line that is very dear and close to our hearts, perhaps he could help by indicating exactly what he has in mind. I got the impression that he said—and if he did I agree with him—that the Canadian National cannot operate that line. Second, that the line is not being abandoned; in the future it would be a likely candidate for abandonment. There is a third alternative, to which Senator Graham did not refer. Before I begin, perhaps Senator Graham could respond to those questions.

Senator Graham: Perhaps the honourable senator could clarify whether he said that Canadian National can or cannot abandon the line?

Senator MacDonald: Honourable senator, I said that you gave the impression, with which I agree, that Canadian National because of its nature and structure, historically has been unable to service, market and make money on lines such as the Truro to Sydney line. It is now a marginally profitable operation and may in future be a candidate for abandonment, but it is not now. Canadian National is taking advantage of section 158 of the National Transportation Act to put that line up for sale or lease, which I will come to. That was the reference point.

• (1610)

Senator Graham: That is quite true. If I had the government controls at my disposal, and in view of the seriousness of the situation in that part of Canada, I would — and there are precedents for this—order them to abandon the process that they have now embarked upon and order them to continue operating the line from Truro to Sydney. There is no question that, under the legislation that exists in the country, CN has a right to do what it is doing. However, I plead with honourable senators that because of the serious nature of the situation economically in that part of Canada, we will suffer much greater ill effects. The easiest thing for the government to do at the present time, which is within its power, is to order CN to abandon the process that they have embarked upon.

Senator MacDonald: Honourable senators, over the last seven years there has been a very active movement in Canada and the United States by large railroads transferring the operations of branch lines to local operators. These transactions are being structured as sales or leases, leases with purchase options, leases usually with capital expenditure commitments, and contract operations.

The same movement is beginning in Canada. The reasons for this transfer of branch-line operations are several: A local operator usually can operate trains with smaller sized crews due to the local nature of the work, at slower speeds and with more personal involvement of locally-based employees. A locally-based company whose entire business is dependent upon local originating and terminating traffic has great incentive to increase traffic. The large railroads seem to be focusing their sales efforts on major customers for long distance movements.

Local railroads have proven they can find new business, both local intra-railroad hauls and long-distance hauls. The shipper becomes the real beneficiary by switching from truck back to rail because the cost of rail shipment is much lower than truck shipment.

As well, the large railroads are finding they can significantly improve their return on their invested dollars by focusing expenditures on their main line, heavily-utilized routes rather than spending large amounts on branch lines where there may be only one train a day.

Large railroads have acknowledged that a high portion of their management time is devoted to branch-line issues where the carload activity is minimal. By turning over management issues to a local operator, the large railroad manager can focus on main line issues.

In most situations, the local operator will increase the frequency of service when compared to that of the previous operator, the major railroad. Often this means daily service instead of tri-weekly service. As a result, a rail car moves more quickly to and from the shipper with a car spotted in one day and out the next instead of an additional day's delay. More

frequent service means increased rail car utilization. With a lower-cost basis of operation combined with local management, a marginal line has one last chance of survival before abandonment occurs.

How has this system worked in the United States? I will quote excerpts from this material, and then I will ask to have this survey tabled for those senators who might like to study it further. This is a report of the Interstate Commerce Commission, and the Federal Railroad Administration of the United States. It is entitled "A Survey of Shipper Satisfaction with Service and Rates of Shortline and Regional Railroads."

We are dealing here, as Senator Graham and others well know, with a possible sale of CN to an appropriate private party involving the Truro to Sidney rail line, which is hereinafter called a shortline. "Shortline" is the name given to operators of such.

The first part of this study by the Interstate Commerce Commission reads as follows:

> The Staggers Rail Act of 1980 (Staggers Act) ushered in a new era for the U.S. freight railroad industry and its shippers. By removing obsolete and restrictive regulations, the legislation gave carriers the flexibility to react quickly to the competitive marketplace, offering shippers rate and service levels responsive to their needs. In turn, market forces have required the railroads to reduce costs and promote efficient operations in order to attract and retain traffic. Often, these efforts have led to significant restructuring, as railroads have sold unprofitable or marginally profitable lines to operators whose lower costs allow them to continue to provide service.

Not to abandon it.

> The increase in the number of these smaller railroads has been dramatic. Almost half of the 424 independent shortline and regional railroads in operation in mid-1989 were formed since the passage of the Staggers Act. The creation of these new carriers has been aided by the ICC, which replaced burdensome and lengthy review of these transactions with streamlined procedures that allow lines to be sold to new operators in a timely manner, before service finally deteriorates.
>
> The ICC and the FRA support shortline railroad growth, and have undertaken projects to monitor this emerging segment of the industry and evaluate the effort of its growth on shippers.

Now, this is the most important part of the segment.

> The primary focus of this study was to determine how shippers compare the services and rates offered by their new shortline or regional carrier with those of the railroad that had previously served them. Additionally, we investigated whether perceived service and rate changes varied with characteristics such as shipper size and commodities shipped . . .
>
> The user survey results showed a clear pattern of shipper satisfaction with both service and rates offered by the shortline and regional railroads created after the enactment of the Staggers Act, with no significant differences between responses of shortline and regional shippers. Table 1 shows that an overwhelming 94 per cent of the survey respondents believed that service levels had been maintained or improved. Shippers also responded favourably when asked about their current railroad's rates—88 per cent reported that rate levels had either improved or stayed the same . . .
>
> In conclusion, the user survey results found a clear pattern of shipper satisfaction with both service and rates offered by the shortline and regional railroads created after the enactment of the Staggers Act. The surveyed shippers clearly believed that their current rail service had improved or stayed consistent with prior levels. Additionally, most appeared to believe that rate levels had not deteriorated.

[Senator MacDonald.]

The formation of more feeder railroads will become an important part of the evolution of railroads in Canada, especially in the province of Ontario. The Goderich and Exeter line, which I will come to in a minute, is the first of many new railroads as the larger railroads concentrate their management and investment on the main line routes. The feeder railroad may be the last chance for survival of many branch lines already facing abandonment. The Ontario Municipal Board, which is the body the Ontario government has designated as the regulatory body under provincial jurisdiction, will be reviewing the first of what will be many more such applications.

• (1620)

There are other shortline experiences in Canada. In 1986, CN sold its 174 kilometre Stettler subdivision in Alberta to the Central Western Railroad. This line, successful in the first venture, has just recently expanded with the purchase of 214 kilometres of railroad in the same area from CP Rail.

In 1990, CN sold 112 kilometres of its Goderich and Exeter subdivisions in southwestern Ontario. I gather that is the Goderich to Stratford line, although I stand to be corrected if I am wrong. CN sold it to the Rail Tex Corporation of San Antonio, Texas. Rail Tex is only one of a number of American companies that has an interesting and profitable history. It devotes its talents and resources to managing its 16 shortline railroads. These 16 railroads operate over 1,000 miles of track and are located in California, Texas, North Carolina, South Carolina, Michigan, Virginia, Georgia, New Mexico, Kansas and Louisiana.

The president of Rail Tex is a man by the name of Bruce Flohr, who is the current chairman of the executive committee of the Regional Railroads of America. He and his company have received several industry recognition awards. They are the Golden Spike Award, the Railroad Productivity Award, Entrepreneur of the Year, and the Golden Freight Car Award. I mention his name because Senator Graham might be interested in knowing that this gentleman has put in a bid to buy and operate the Truro-Sydney Shortline.

CN is not serving notice of abandonment of the rail line between Truro and Sydney. It is seeking permission under section 158 to sell or otherwise lease its line to several bidders whose names have not yet been disclosed and where a decision, I presume, is imminent. Its operation as a shortline railroad will position it as a viable feeder line to the mainline core network. I suppose it is the same thing in rail as it is in aviation; it is the spoke and hub concept.

CN is offering to sell this line to a buyer compatible with this prime objective. Every effort will be made, as usual, to protect the rights of the workers. CN will establish a base price under which it will not sell. However, a possible lease might be explored. The company will only entertain offers which are compatible with the objective. New owners will be required to have an adequate financial resource and an effective management team with a clear understanding of the business.

Experience in Canada and the U.S. has shown that railroad operators must have two paramount qualifications. First, they have to know how to run trains. Second, they have to have good financial management. The two of these combined create the marketing strategy and the customized service which is now clearly lacking.

This does not cover the language of the inquiry. However, since Senator Graham refers to it, we should be clear that we are dealing here with CN's right under section 158 to sell or lease this shortline railroad. I have attempted to show that not only has this system been enormously successful in the United States under similar circumstances, it is also gaining a great deal of credence in Canada, and in at least two areas it is working very successfully. I cannot assuage the fears of Senator Graham with regard to the matter of symbolism.

Senator Sinclair made the following remark—and I trust that Senator Molgat will not consider this to be unparliamentary language. As far as symbolism goes, he said, "If I hear somebody else referring to the wail of the railway whistle in the middle of the night on the Prairies, I think I'm going to puke."

Senator Molgat: But we miss that wail.

Senator MacDonald: I suggest that Senator Graham address himself to the second option, instead of throwing everything up against the barn door, hoping some of it might stick. That might make it easier to get into the reference when he gives notice of such.

Some Hon. Senators: Hear, hear!

Senator Graham: May I ask the honourable senator a question? I am sure that if Cape Bretoners were assured of the wail of the whistle for the rest of their lives, they would be happy, even if the train went through their backyards or across their front lawns. My first concern is to find someone who will operate the line with pockets deep enough to maintain it. I said to Senator MacDonald that I would be happy to examine all the viable options. That is why I am suggesting that we bring this matter before the Standing Senate Committee on Transport and Communications. The honourable senator made reference to a possible buyer from San Antonio, Texas. He must be one of the seven; is that correct?

Senator MacDonald: I do not know how many there have been.

Senator Graham: I understand there have been seven. We have attempted to determine the names of those bidders. You have been much more successful than have we.

The senator made reference to feeder lines in Ontario, and the sale of a line in Alberta. The only survey that he used was a survey of operations in the United States. With the greatest of respect to Senator MacDonald, we want made-in-Canada solutions. I urge him, and ask him, to consider referring this matter to the committee which he has the honour to chair, with the possibility of appointing a subcommittee to go to eastern Nova Scotia to examine the problem firsthand.

I am not ignoring any of the options that Senator MacDonald has outlined; but I think the proper forum for us as senators is to have that issue examined, including all his options, in the Standing Senate Committee on Transport and Communications.

Senator MacDonald: Of course, I will be happy to take the instruction of the Senate at any time to look into this matter. I hope that there will be more time for debate by others who might agree with me that we are not playing politics, that we are not saying, "We are not going to take this lying down. The government is going to order CN to do this. We will march on Ottawa."

Providing this committee inquiry is not quixotic, I am sure that all our colleagues on the committee will be happy to take it up. Personally, I am not yet convinced that Senator Graham is advocating anything but saying, "We are not going to take this lying down. We are going to force CN to do it. We are going to march on Ottawa." The Nova Scotia government has been doing just that in meeting after meeting after meeting. Could we just stick to the point? Could we examine the second option, the main option, which has been highly successful in the United States?

• (1630)

I do not understand what Senator Graham meant when he said "Let's have a made-in-Canada solution". Do we want someone who once owned a railroad, or do we want a Canadian? Do we want someone who can run a railroad, or must it be a Canadian?

Senator Graham: If we agree to examine option two and refer it to the Standing Senate Committee on Transport and Communications, would you agree to have that reference made? Would you agree today?

Senator MacDonald: I would like to hear more conversation. The fact is, as I say, I will take any instruction from the Senate regarding an inquiry, but I will not make any commitment at this time.

Senator Graham: You say that I threw everything against the barn door, and my first option is to order the government to order CN to cease and desist in the process. As a reasonable

person, however, and understanding the seriousness of the situation, I express my fear that by the time the decision is made, the horse will be out of the barn as far as the expansion of some of our existing industries are concerned, if we agree on this side to examine option two, would you agree to have the matter referred to the standing committee?

Senator MacDonald: Senator, all you have to do is give one day's notice, and then it will be debated. The instruction will either be sent to me or otherwise.

Hon. M. Lorne Bonnell: Honourable senators, I wish to participate in this debate rather than to have a backfire from Question Period between the Chairman of the Standing Senate Committee on Transport and Communications and Senator Graham from Cape Breton.

To me, this is a very important issue. It might not be very interesting for people who live in Montreal, Toronto or Ottawa, where they have trains going back and forth, but I can tell you, from Prince Edward Island's standpoint, we lost our train because nobody took up the fight on behalf of our province. Now they are selling the rails so that we will never get it back. Many of them are sold. The rails have been lifted.

I say to you that the economy of Cape Breton is very much like the economy of Prince Edward Island. The only industries they have in that area are coal, steel, construction or shipping. Without a railroad and all this traffic on the roads, it is a catastrophe. It is not only a catastrophe for the roads, it is a catastrophe for the economy of the provinces, because the provinces cannot afford to maintain these roads with 18-wheelers travelling over them. These trucks destroy the roads at a very fast rate.

Prince Edward Island did not join Canada in 1867, because it had to prove that it could get four senators. Now the NDP is trying to get rid of those senators. The people of Prince Edward Island were told that they would get continuous communication with the mainland. We have been promised that ever since, and we do not have it yet. We had to make sure that the farmers of Prince Edward Island could own their own land instead of it beieng owned by the landlords of England. We were promised that the government would take over the debt of the railroad and operate the railroads of Prince Edward Island, and that has gone.

I can tell you that the highways of Prince Edward Island are in a serious strait, and almost all the province can afford to do is to patch them, but not to reconstruct them with the present economy and the heavy destruction of those roads.

To me, this is a very important issue. It might not be as important for those people who do not understand Atlantic Canada. I know that Senator MacDonald understands, because he is well versed in the affairs of Cape Breton and Nova Scotia, and he knows where Prince Edward Island is. Now that it is off the map, it is at the bottom of the sea somewhere.

We have lost our railroads; we are losing our post office. We have lost our province, and we do not want Cape Breton to go the same way. I wish to adjourn this debate until I can get some very important statistical information about Canada and Cape Breton in particular.

[Senator Graham.]

On motion of Senator Bonnell, debate adjourned.

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY MATTERS RELATED TO NATIONAL SECURITY AND DEFENCE AND TO INCREASE MEMBERSHIP OF COMMITTEE—DEBATE ADJOURNED

Hon. Nathan Nurgitz, for Senator Stewart, pursuant to notice of Wednesday, December 4, 1991, moved:

That the Standing Senate Committee on Foreign Affairs be authorized to hear evidence and to examine and report on matters relating to national security and defence and the future roles of Canada's armed forces;

That the membership of the Senate Committee on Foreign Affairs be increased to twenty (20) members and that Rule 87(1)(*h*) be suspended in relation thereto; and

That the Committee present its report no later than March 31, 1993.

On motion of Senator Molgat, debate adjourned.

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

MOTION TO AUTHORIZE COMMITTEE TO STUDY SYNFUELS PROJECT

Hon. William Kelly, for Senator Hays, pursuant to notice of Wednesday, December 4, 1991, moved:

That the Standing Senate Committee on Energy, the Environment and Natural Resources, be empowered to examine and report upon the Synfuels Project;

That the papers and evidence received and taken on the aforesaid subject before the Committee during the Second Session of the Thirty-Fourth Parliament be referred to the Committee; and

That the Committee present its report no later than June 30, 1992.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Will you speak on the matter? You will not? In that case, I move the adjournment of the debate.

Senator Kelly: I am prepared to speak if it would help.

Senator Molgat: I will adjourn the debate, because I have not had a chance to speak to Senator Hays.

On motion of Senator Molgat, debate adjourned.

INTER-PARLIAMENTARY UNION

EIGHTY-SIXTH INTER-PARLIAMENTARY CONFERENCE, SANTIAGO, CHILE—DEBATE ADJOURNED

Leave having been given to revert to Inquiries:

Hon. Peter Bosa, rose pursuant to notice of Thursday, December 5, 1991:

That he will call the attention of the Senate to the Eighty-Sixth Inter-Parliamentary Conference, held in Santiago, Chile, from 7th to 12th October, 1991.

Senator Bosa: Honourable senators, I spoke to the Deputy Leader of the Government and the Deputy Leader of the Opposition, and they were both agreeable to moving forward to December 9, one item standing in my name for December 10. I wish to make a few remarks this afternoon in connection with that item, if there is unanimous consent.

• (1640)

Honourable Senators, I am pleased to report to the Senate on the 86th Inter-Parliamentary Conference held in Santiago, Chile, from October 7 to 12, 1991.

Chile has a long history of democratic government, and we rejoice with the Chilean people that it has again been restored after a 17-year state of seige. Allow me to share with you a brief background of its history.

Chile was discovered in 1520 by Ferdinand Magellan, with settlement by the Spanish beginning in 1536. Chile proclaimed its independence in 1817 after years of warfare against the Spanish. Unlike many other Latin American countries, there was limited military intervention in politics before 1973. Most of the regimes during the 19th and 20th centuries were constitutionally elected.

In the post-World War II period, power became increasingly dependent on political coalitions as no single party was able to control the Chilean political agenda. This set the stage for the election to the presidency in 1970 of Salvador Allende Gossans of the Popular Front, a coalition of left-wing parties. In 1973, following increased unrest throughout the country, the armed forces overthrew Allende and established a military regime under General Augusto Pinochet Ugarte, who was proclaimed president in December 1974. The government suspended civil liberties, incarcerated thousands of political opponents and violated human rights policy in every area.

From 1973 until 1990, Chile was governed by a firmly established military regime under President Pinochet. Under its new constitution, General Pinochet was to remain president until March 1989, when the country would return to a form of democracy in which the political parties would be permitted in a restricted form. It was considered a foregone conclusion that President Pinochet would be the single presidential candidate. However, a coalition forced the government to put Pinochet's rule to a plebiscite and he was rejected. This led the way to further reforms and, on December 14, 1989, Patricio Aylwin won a solid victory, with 55 per cent of the vote, in a free and fair election and was inaugurated president in March 1990.

However, the new president faces a number of substantial challenges. His party won a majority in the Chamber of Representatives but only a minority in the Senate. As well, Pinochet has remained Commander in Chief of the Army and, therefore, a key issue for the new government continues to be relations with the military. The human rights policy of the new regime is another major issue. How the government deals with the human rights abuses of the previous administration will affect political confidence within Chile and international support for the new government.

This, in turn, will influence Chile's economy as its economic plans are based on foreign investment. The optimism which has been cultivated so carefully could be seriously compromised if Chile is unable to show the international community that its human rights policy is working.

Chile is rich in raw materials and its economy has traditionally depended on the export of copper and other commodities. Since 1940, governments have attempted to diversify economic activities with varying degrees of success.

Pinochet's economic policy was to convert Chile abruptly from a socialist to an open market economy—challenging Chile's companies to compete with imported goods while offering tax incentives to promote research, development and investment. The adjustment process was a difficult one for the first three years, but Chile developed a strong economic base.

The new government has followed the same macro-economic policy lines in order to boost and diversify exports and attract investment, with the result that Chile's overall economic performance has continued to be superior to most other countries in Latin America.

Canada has placed a priority upon expansion of trade with Chile. A Memorandum of Understanding was signed by the Secretary of State in May in Santiago to promote economic and trade relations. Our commercial relationship is solid with exports to Chile of $188 million and imports of $180 million from Chile in 1990. Canada places emphasis on the mining, forestry, power/energy and telecommunications sectors. Canadian investment in Chile has amounted to over $1.4 billion U.S. over the years. In 1990, Canada was the largest single investor in Chile, most of that investment in the mining sector. It is estimated that over the next four years, Canadian investment in Chile will double—again primarily in mining.

In foreign policy terms, Canada and Chile share the same goals of reducing protectionism through GATT and the Cairns Group. For a few minutes, I would like to draw your attention to one of the subjects on the conference agenda which relates to the GATT negotiations.

On the first day of the conference, delegates selected a supplementary item on the agenda, a proposal submitted by the Australian IPU group, namely "The role of Parliaments in supporting efforts to achieve a greater liberalization of international trade, in particular through a successful conclusion to the Uruguay Round." My colleague from the other place, Gabriel Fontaine, and I represented Canada in the discussions in committee and served on the drafting committee which prepared a resolution for presentation to the final plenary.

During the discussion I noted that, after the failure of the Brussels meetings, the Uruguay Round of negotiations had resumed with support at the political level to overcome the recurrent issues, such as those on trade in agriculture and trade in services. Most of my remarks concerned agricultural trade. The substantial subsidies that the European Community grain producers receive has resulted in an over-supply of this

product on the world market, with devastating effects on our prairie farmers and the farmers of other wheat-producing countries. Wheat is being sold on the world market at a price below the cost of production. As a result, many farmers have gone into bankruptcy. The European Community also faces great difficulties with its subsidy program which eats up some 60 percent of the community budget.

Of course, there are no easy solutions to this problem, but given the political will, a willingness to give and take in this and other ares of negotiations, this situation can be overcome. The period of readjustment will be painful.

I pointed out that Canada has some experience in this field. We signed a Free Trade Agreement with the United States in 1989 and, at present, we are negotiating a North American Free Trade Agreement with Mexico. We have experienced hardships such as plant closings and increased unemployment, but, in the process, we have also benefitted by securing better access to the U.S. markets for our exports. We can alleviate in part the negative consequences of trade liberalization by developing programs to assist those individuals and entities to adjust during the difficult period of transition. In the long run, everybody will benefit. I am pleased to report that the draft resolution which we prepared was adopted unanimously by the Conference.

● (1650)

In my brief remarks to you today I have not touched on many parts of the conference. These will be covered by other honourable colleagues who are participating in this debate, namely the Chairman of the IPU, Senator Nathan Nurgitz. However, I do want to pay tribute to the fine work of our Ambassador to Chile, Mr. Michael Mace. He and his staff provided us with excellent service and support. At the beginning of our visit, Mr. Mace gave a valuable and insightful briefing on the current political and economic situation in Chile. Throughout the conference, he took an active interest in our deliberations and attended many of the sessions. In addition he worked with us in arranging special meetings with Chilean legislators and officials.

Mr. David Bickford, Counsellor, was assigned to work with us during the conference and he provided exemplary service. Having participated in a number of these inter-parliamentary conferences, I can state without hesitation that the interest in and support of our work shown by Mr. Mace and his staff was the best I have ever received.

In conclusion, I want to say how pleased we were to be in a country that has returned to its democratic traditions. A major Canadian priority is to support the process of return to democracy in Chile. Formal linkages between Canada and Chile were greatly reduced during the Pinochet years, with Canada supporting the moderate opposition, including the granting of political refuge and the funding of alternative social and economic "think tanks". Many of those academics who received CIDA or IDRC funding are now in senior positions in government, and Canada is well placed to build its relationship with the new government.

On motion of Senator Nurgitz, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, December 10, 1991

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

Prayers.

SENATORS' STATEMENTS

HUMAN RIGHTS DAY

Hon. Noel A. Kinsella: Honourable senators, today we join with others around the world in marking Human Rights Day. It was on December 10, 1948, that the General Assembly of the United Nations, meeting in Paris, and with the support of Canada, proclaimed the Universal Declaration of Human Rights. Honourable senators might be surprised to learn that a few days prior to this proclamation by the General Assembly, it was not at all certain that Canada would be a signatory. Some commentators have written that when Canada saw the company it was in with respect to the states that were not signing or abstaining, we quickly came on side in support of the Universal Declaration of Human Rights, a universal standard of rights and freedoms which can be considered the Magna Carta of the 20th century.

Notwithstanding our hesitant start in the field of international promotion of human rights, Canada has become an important promoter of human rights internationally. Some of the highlights include the ratification by Canada in 1976 of not only the International Covenant on Civil and Political Rights, but also the International Covenant on Economic, Social and Cultural Rights. The ratification of this latter instrument, made with the full support of all jurisdictions in Canada, could well serve as a basis for a serious consideration of a Canadian social charter as is currently proposed in some parts of the country.

The work of the International Centre for Human Rights and Democratic Development is another noteworthy international undertaking, as is the leadership of the Prime Minister and his international human rights initiatives, recently taken at the Commonwealth and Francophone meetings. It is our hope that Canada will, in the next few days, ratify the United Nations' Convention on the Rights of the Child.

Honourable senators, on Human Rights Day 1991, we might well ask, what will be the impact on human rights of globalization, of the new world order, of the possible changes to our confederation. The underlying value of human rights is human dignity. So also is human dignity the underlying value of democracy. For 124 years, our Canadian parliamentary system has, notwithstanding great pressures including two world wars, developed on principles of human rights.

Honourable senators, the Senate of Canada is a key institution in the system of checks and balances which has allowed the practice of freedom to have reasonably good success in Canada. I submit that there is a direct causal relationship between the practice of freedom and the control over state power, between the history of democracy in Canada and the presence of the Senate of Canada. Not only does this chamber serve as an important check on the exercise of state power, but the Senate can play a very special role in the protection of parts of Canada or of groups of Canadians who, by themselves, will never constitute the majority. This role of protecting the minority is especially important where a given minority group of Canadians might be perceived by the majority as a despised minority group.

Honourable senators will recall that, for the past several years, recommendations have been made by the Human Rights Commissioner for amendments to the Canadian Human Rights Act to ensure better protection for disadvantaged groups of Canadians. The Justice Committee of the other place, in its 1985 report, entitled "Equality Now" had also made suggestions for improving the anti-discrimination provisions of the Canadian Human Rights Act which, when compared to provincial human rights statutes, have fallen far behind. It is well known that one of the major stumbling blocks has been the divergence of opinion concerning the wisdom of adding sexual orientation to the list of proscribed grounds of discrimination.

The legislative assemblies of the Assemblée Nationale have been able to—

The Hon. the Speaker: Senator Kinsella, I am sorry to interrupt you but, as you know, we have rules. However, if everyone waives the rule, and you can conclude quickly . . .

Hon. Senators: Agreed.

Senator Kinsella: I will take ten seconds.

Honourable senators, it is well known that one of the major stumbling blocks to amending the Human Rights Act has been a divergence of opinion concerning the wisdom of adding sexual orientation to the list of prescribed grounds of discrimination. As I said, the legislative assemblies of many provinces and the Assemblée Nationale have been able to make the decision in favour of protecting a minority. If members of the other place are having a more difficult problem because they do not see this as appealing from a numbers standpoint, then perhaps the Senate, with its interest in protecting minorities, should take the initiative.

PHARMACEUTICAL INDUSTRY

MADE-IN-CANADA DRUG POLICY

Hon. M. Lorne Bonnell: Honourable senators, I would also like to make a statement today. It is a very important statement for Canadians.

I noticed in the newspaper today a memo congratulating the Right Honourable Brian Mulroney for his stand at GATT concerning the Canadian Drug Manufacturers Association and the made-in-Canada policy for the drug industry of Canada.

I would like to add my support to the Canadian Drug Manufacturers' Association. I would also like to congratulate the Prime Minister for supporting this industry and trying to make Canada the master of its own drug industry.

This is quite a change for the government and the Prime Minister, who went to Quebec City and sang *When Irish Eyes Are Smiling* with the President of the United States, and who destroyed the Canadian Drug Manufacturers' Association with the Patent Act and, by doing so, supported the Pharmaceutical Manufacturers' Association of Canada.

The Government of Canada has gone so far now as to put the president of the Pharmaceutical Manufacturers' Association of Canada on the Patented Medicines Prices Review Board in order to see what it is doing. That is the wolf looking after the sheep.

However, the fact that the Prime Minister himself has now gone to GATT to promote this industry is worth bringing to the attention of honourable senators. It is a change of heart such as Saint Paul had on the road to Damascus.

The Canadian public fully supports the defence of this industry. Ninety-one per cent of Canadians believe that Canada should have its own pharmaceutical industry, and not one dominated by foreign-owned multinational drug companies. Seventy-four per cent of Canadians believe that Canada should design a policy for pharmaceuticals that is unique to Canada, not made in the United States, Europe or Japan. Seventy per cent of Canadians believe that Canada should not trade away its ability to formulate a made-in-Canada pharmaceutical policy while participating in international trade talks.

Clearly, Canadians want their own pharmaceutical industry. They back the Prime Minister against the foreign-owned multinational drug corporations which are lobbying furiously in Geneva and Ottawa to have their already generous patent monopolies extended. If the multi-million dollar pressure campaigns of the multi-nationals succeed, it would eliminate our industry in Canada and deprive Canadians of any low-cost generic drugs.

• (1410)

We travelled across Canada a few years ago and heard from the Canadian people on this matter, but because of the promise made by the Prime Minister to President Reagan on the Free Trade Agreement to limit the Patent Act so that the pharmaceutical companies would get 10 years' protection and set up the Pharmaceutical Price Review Board, they went even farther this year—

The Hon. the Speaker: Honourable senator, you know what the rules specify. Is there unanimous agreement that leave—

Senator Bonnell: I will quit right now.

Some Hon. Senators: Hear, hear!

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FIRST REPORT OF COMMITTEE TABLED

Hon. Paul David: Honourable senators, pursuant to Rule 105, I have the honour to table the first report of the Standing Committee on Social Affairs, Science and Technology on the expenses incurred by the committee during the Second Session of the 34th Parliament.

CANADA PENSION PLAN
FAMILY ALLOWANCE ACT
OLD AGE SECURITY ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Paul David, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, had the honour to present the following report:

Tuesday, December 10, 1991

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

SECOND REPORT

Your Committee, to which was referred Bill C-39, an Act to amend the Canada Pension Plan, the Family Allowances Act and the Old Age Security Act, has, in obedience to its Order of Reference of Thursday, December 5, 1991, examined the said bill and now reports the same without amendment but with the following observation:

Given the complexity of the subject matter of the bill and the time given for its examination, the Committee will want to give further consideration to this matter in the early period of the legislation's application, including the concern of the division of spouses' credits and matters relating to disability.

Respectfully submitted,

PAUL DAVID
Chairman

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

On motion of Senator Lavoie-Roux, bill placed on Orders of the Day for third reading at the next sitting of the Senate.

[*English*]

BUDGET IMPLEMENTATION BILL, 1991

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received with Bill C-20, to amend certain statutes to implement the budget tabled in Parliament on February 26, 1991.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, December 12, 1991.

[*Translation*]

TRUST AND LOAN COMPANIES ACT

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-4, an Act to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters.

Bill read first time.

The Hon. the Speaker: When shall this bill be read the second time?

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, December 12, 1991.

[*English*]

BANK BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-19, respecting banks and banking.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, December 12, 1991.

[*Translation*]

INSURANCE COMPANIES ACT

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-28, an Act respecting insurance companies and fraternal benefit societies.

Bill read first time.

[The Hon. the Speaker.]

The Hon. the Speaker: When shall this bill be read the second time?

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, December 12, 1991.

• (1420)

[*English*]

CANADIAN NATIONAL RAILWAYS

NOTICE OF MOTION TO AUTHORIZE TRANSPORT AND COMMUNICATIONS COMMITTEE TO INQUIRE INTO DECISION TO SELL RAIL LINE

Hon. B. Alasdair Graham: Honourable senators, I give notice that tomorrow, Wednesday, December 11, 1991, I will move:

> That the Standing Senate Committee on Transport and Communications be empowered to inquire into and report upon the decision of Canadian National Railways to sell the main railway line between Truro and Sydney, Nova Scotia, and
>
> That the committee present its Report no later than April 14, 1992.

CANADIAN CITIZENSHIP

NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO MAKE STUDY

Hon. Noel A. Kinsella: Honourable senators, I give notice that on Wednesday next, December 11, 1991, I will move, seconded by the Honourable Senator Marsden:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the concept, development and promotion of Canadian citizenship; and
>
> That the committee present its final Report no later that December 31, 1992.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am glad to report that petitions are still coming against the GST. Those today are in the same form as those previously presented to honourable senators dealing with the 7 per cent goods and services tax, and the petitioners humbly pray and call upon the senators to do everybody possible to abolish the new goods and services tax and demand a general election immediately.

Today there is one petition from Alberta with 23 names, one from New Brunswick with three names, and five from Quebec with 68 names. The totals are seven petitions with 94 names. The places from Alberta are Donnelly and Falher; from New Brunswick, St. Basile; from Quebec, Abitibi, Amos, Compton, Cookshire, Guyenne, Johnville, Landrienne, Martinville,

North Hatley, Sawyerville, Scotstown, St. Therese, and Stanstead.

QUESTION PERIOD

FOREIGN AFFAIRS

STATUS OF SOVIET UNION—COMMONWEALTH OF REPUBLICS—CONTROL OF NUCLEAR ARSENAL—GOVERNMENT POSITION

Hon. H. A. Olson: Honourable senators, I have a question for the Leader of the Government in the Senate respecting the change in the status of the Soviet Union and the new commonwealth of republics announced yesterday. One question I am asking is whether Canada has some information about the structure and process that this new commonwealth will be using for the safe control of the huge arsenal of nuclear weapons that is within those three republics. Most other countries in the world expressed some deep grave concern about this matter , whereas the Canadian Minister of External Affairs is quoted as having given a generally positive reception to the announcement.

Do we Canadians know something about how they intend to control this arsenal that most of the rest of the world does not know about?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have twice recently attempted to respond to questions on exactly this point with regard to the situation in Ukraine. Frankly, the situation is not far different in regard to the other republics. Our position continues to be that peaceful cooperation among the republics, as evidenced by the recent agreement, is exactly what we all want, especially given the important issues that the honourable senator has referred to.

The secure control of nuclear weapons, arms control, human rights, and the protection of minorities are, of course, questions that were raised here within the last couple of days, as well as those having to do also with debt and financial commitments.

Senator Olson: More specifically, can the minister tell us if the Canadian government, through the Department of External Affairs, has received any indication of how this new commonwealth of three republics will set up a structure to control these weapons? Apparently, such information has not been given to the United States or, for that matter, any other country.

Senator Murray: Honourable senators, I will have to ask my colleague, the Secretary of State for External Affairs, to reply in greater detail to the question of the honourable senator.

PRECINCTS OF PARLIAMENT

SAFETY IN THE WORKPLACE

Hon. Edward M. Lawson: Honourable senators, I have a question tht I am not sure whether I should direct to the Leader of the Government in the Senate or to the Speaker of the Senate.

There has been a little job going on in the hall behind the chamber. Some honourable senators may have noticed in particular that there is work being done on the chimney. I do not know if it is being enlarged so that an overweight Santa Claus can come down it or not. However, there is a step-ladder which is being used just down the hall. It has the word "Senate" on it in large print. It started out being a four-legged step-ladder, but it now is a tired old ladder and it has two broken legs.

When I asked yesterday why it was being used, I was told that the step-ladder represents the Senate logo. If that is so, then it creates an extremely bad image for the Senate. If it were a horse, we would have shot it six months ago.

Senator Kenny: They don't have a leg to stand on.

Senator Lawson: If it were a building trade union job, we would have had a wild-cat strike by now. My real concern is that someone will use the ladder, and wind up spending the winter on compensation or in the hospital.

Surely, replacing such a ladder represents but a $50 or $100 investment. Since the Senate name is on it, the Senate—or the government—can afford the cost of a new ladder. I took the time on the way in, since it was still there from yesterday, to suggest that it be taken down to the garbage dump. It may have been improper for me to do that, but my appeal is to the Leader of the Government, the Speaker, or to whoever is responsible. Surely we can afford to buy a new ladder so that workmen doing work in this building will not have to work on something quite so unsafe.

Hon. Lowell Murray (Leader of the Government): Honourable senators, in this chamber it would be the Chairman of the Internal Economy Committee who would want to take this matter under advisement at once.

Senator Lynch-Staunton: That's a step in the right direction!

THE SENATE

REQUEST FOR ANSWERS

Hon. Lorna Marsden: Honourable senators, the Leader of the Government in the Senate has answered questions about Ukraine several times. I am still waiting for responses to my questions about Armenia and the Western Sahara. Perhaps he can answer those questions today. His gestures indicate that is the case. I would be glad to have them.

At the same time, perhaps the leader could explain why it takes so long to get responses to questions that are on matters of importance and interest to the people of Canada about which we cannot read in our newspapers and about which we would like to hear on a more timely basis.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think I can demonstrate figures at the ready

that our record in terms of answering questions has been remarkably prompt.

There has been some delay in replying to the question the honourable senator asked some time ago about the Western Sahara. I took that question up personally with the minister, and the answer arrived here in the form of a delayed answer. I was then told that it was waiting for translation before tabling, because Senate *Hansard* insists on having the replies in both languages.

I have insisted that the reply be made in the language in which the question was posed. I do not think it is necessary to table replies in both languages, there being facilities here for exactly that purpose. I will anticipate the delayed answer. I will give my answer to the honourable senator in English. Those who wish to listen to the translation may do so.

WESTERN SAHARA

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

Hon. Lowell Murray (Leader of the Government): The honourable senator asked a number of questions about the Western Sahara. The first was whether any Canadian observer or journalist is presently in the area, or will be shortly.

The short answer to the question is that there are presently some 35 Canadians in the area as part of an advanced deployment of MINURSO. These include the commanding officers, staff officers and some ten military observers and support staff. To the best of our knowledge there are no Canadian journalists or reporters actually in Western Sahara. Southam News and Canadian Press had expressed two months ago an interest in sending to the area their regional correspondents.

• (1430)

A question was also asked by the honourable senator having to do with conditions for civilians in the refugee camps. I will read the notes that have been provided to me on this matter as of December 5: Canada considers that the peaceful resolution of the Western Sahara issue would remove a major source of tension and conflict in the region and alleviate the plight of Saharan refugees. We have fully supported the United Nations Secretary General in his efforts to find a solution. Canada has contributed $500,000 in June 1991 to the voluntary fund set up by the United Nations High Commissioner for Refugees for the repatriation of Western Saharans to participate in the referendum. Canadas's humanitarian assistance for refugees is channelled through multilateral agencies.

The Western Sahara refugee camps have received relief from the UNHCR, United Nations High Commissioner for Refugees, to which Canada contributes a yearly average of $8 million. Through the World Food Program, Canadian assistance has also reached Western Saharans. In 1990-91, 3700 metric tonnes of food were provided to Algeria for the relief of refugees in its territory, including Western Saharans.

[Senator Murray.]

Senator Marsden: Honourable senators, I would like to thank the Leader of the Government for his response to that question and suggest to him that, since our newspapers are not covering the issue, I would appreciate being kept up-to-date on that situation and will, no doubt, ask a question in the new year. I simply alert him to that possibility.

CANADIAN HUMAN RIGHTS

POSSIBILITY OF AMENDMENTS TO ACT—GOVERNMENT POLICY

Hon. Noel A. Kinsella: Honourable senators, given that it is Human Rights Day, I have a couple of questions I would like to ask the Leader of the Government in the Senate. In 1985, the Equality Now report recommended a number of amendments to the Canadian Human Rights Act. During the past couple of years the Human Rights Commissioner, Max Yalden, has also called on the government to introduce a number of amendments to the Canadian Human Rights Act. Is the Leader of the Government in the Senate able to advise honourable senators whether or not the government will be introducing legislation to amend the Canadian Human Rights Act and, if so, when?

Hon. Lowell Murray (Leader of the Government): Honourable senators, first let me say that I am sure all honourable senators appreciate the interest and concern of Senator Kinsella in this subject. His record of activity in this field is well-known, he having been Chief Commissioner of Human Rights in the province of New Brunswick for, I believe, 20 years or more, and he is presently the Chairman of the Board of the Canadian Human Rights Foundation.

Having said that, with regard to the question he has just put, he will recall that the government responded to the report of the Parliamentary committee in a document entitled Toward Equality. We stand by the commitments that we made as a government in that document. There is a very comprehensive review under way by the Minister of Justice, Kim Campbell, of the human rights situation, and, yes, we expect to be bringing to Parliament amendments to the act in the course of the present session.

Senator Kinsella: Honourable senators, I have a supplementary question: Is the Leader of the Government in the Senate able to advise at this stage whether or not the desired amendment dealing with the matter of reasonable accommodation, especially as it relates to problems facing persons with disabilities, will be included?

Senator Murray: Honourable senators, I am aware that in at least one, and perhaps more than one province, provisions in human rights legislation have covered that point. I regret I am not in a position to say definitively today whether we will be able to do that in amendments to the federal act. I will make inquiries of my colleague the Minister of Justice to see whether she is in a position to make any statement on that matter now.

• (1440)

SEXUAL ORIENTATION—PROSCRIBED GROUND OF DISCRIMINATION—EFFECT ON ELIGIBILITY TO SERVE IN CANADIAN FORCES

Hon. Noel A. Kinsella: One further supplemental, given that the governments of such jurisdictions as Ontario, Quebec, the Yukon and, only a few weeks ago, the province of Nova Scotia, have added sexual orientation to the list of proscribed grounds of discrimination in their respective human rights acts, is there an indication that the federal government will be catching up by including sexual orientation as a proscribed ground of discrimination of the Canadian Human Rights Act amendments?

Hon. Lowell Murray (Leader of the Government): There again, honourable senators, I believe we made a commitment on that matter in our response to the report of the Parliamentary committee several years back, and we stand by that commitment. Meanwhile, I think that the honourable senator and all colleagues are aware that the Attorney General of Canada has taken the position that sexual orientation is a prohibited ground for discrimination. That position has stood up so far in the courts. Therefore, pending the kind of legislative amendments to which the honourable senator refers, the protection against discrimination on the grounds of sexual orientation already exists in respect of people in the government sector.

Hon. Royce Frith (Leader of the Opposition): There is not the same serenity, however, in your caucus, but you cannot speak of that.

Hon. Lorna Marsden: Is the implication of the government leader's response to the previous question that the Department of National Defense will then be opening the armed forces services to people regardless of sexual orientation?

Senator Murray: Honourable senators, I would have to inquire to see what the present status of that matter is.

Senator Marsden: Does that mean that the accounts we have been reading in the newspapers do not then adequately reflect the government's position on this matter?

Senator Murray: Accounts in the newspapers rarely do.

Senator Frith: That, sir, could turn out to be a two-edged sword.

EFFECT OF SEXUAL DISCRIMINATION ON ELIGIBILITY FOR VETERANS' BENEFITS

Hon. Jack Marshall: The Leader of the Government has indicated that amendments are being considered. In the report "Equality For All", recommendation No. 28 is that the War Veterans Allowance Act and the Civilian War Pensions and Allowances Act, which provide for benefit eligibility at different ages for men and women, be amended to provide that benefits for both male and female veterans be available at age 65. This is supported by Mr. Yalden. In annual reports over the past two years, the Human Rights Commission has stated that this is discrimination and should be corrected.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I appreciate the fact that the honourable senator has brought this to our attention. I can assure him that that matter is under consideration in the course of the review that the Minister of Justice is conducting. However, I cannot anticipate the tabling of amendments themselves, so I cannot give an assurance to him or to the house as to what the amendments would contain. I do assure him that it is under consideration.

PHARMACEUTICAL INDUSTRY

REQUEST FOR BALANCED APPOINTMENTS TO REVIEW BOARD

Hon. M. Lorne Bonnell: Can the Leader of the Government in the Senate advise me if the government would consider appointing the president of the Canadian Drug Manufacturers' Association to the Patented Medicine Prices Review Board to counterbalance the appointment to the board of the president of the Pharmaceutical Manufacturers' Association of Canada. Since the multinationals now have their president on the board reviewing the prices, I would like to see the generic companies have their president on the board as well to create a balance, so there is some kind of equality for the Canadian people.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will take the honourable senator's question as a representation and convey it to my colleague Mr. Blais, Minister of Consumer and Corporate Affairs.

FOREIGN AFFAIRS

WITHDRAWAL OF AID TO INDONESIA—GOVERNMENT POLICY

Hon. M. Lorne Bonnell: I have another question which has nothing to do with drug policies, but has something to do with $30 million which the government no longer intends giving to Indonesia. I understand this is because of the atrocities that have taken place in Timor, resulting in as many as 50,000 deaths. However, at the same time, the government is not curtailing the amount of arms they are sending over there. Why are we not curtailing the guns and ammunition we are sending to that country, while we keep sending money to help the poor and the needy?

Hon. Lowell Murray (Leader of the Government): Honourable senators, Canada closely controls the export of military goods to Indonesia to ensure that there is no reasonable risk that any proposed export of ours could be used against their own civilians. Export permits for offensive military equipment are being denied. Last year there were no Canadian military exports to Indonesia of any kind. This year, five export permits for non-offensive military equipment only have been issued.

Senator Bonnell: Honourable senator, according to the minister's statement, that is Barbara McDougall, she says that $30 million in aid to Indonesia has been curtailed because of

human rights issues, but further states that Monday's announcement did not include any ban on military sales. Therefore Ms McDougall will still continue to make money by selling the Indonesians ammunition with which to kill each other.

Senator Murray: That is exactly wrong, honourable senators. I have already placed the facts on the record. We have a system in this country for controlling exports of military goods, and we closely control those exports to Indonesia. Export permits to that country are being denied. There were no Canadian military exports to that country last year, and this year there were five permits issued, as I have just told the House, for non-offensive military equipment.

Senator Bonnell: I know the Leader of the Government will not have these figures in his head, but perhaps he could provide for us a list of the specific aid contained in the curtailed $30 million, and tell us what is in the list of military supplies they still intend to send over, and bring that back to us by way of a delayed answer. I will give him a few days to do that. He does not need to do it this afternoon; later this evening would be fine. There is no sense in procrastinating.

Meanwhile, since I am on my feet, since this $30 million will not now be going to the poor people of Indonesia, perhaps you could send it down to Prince Edward Island where they are having a very difficult time. Their budget is over $50 million in the red this year, and that $30 million could really help the economy of Prince Edward Island. We have already helped Quebec, and perhaps we will help the west. Let us think about the east, where the wise men came from.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMENT IN COMMITTEE REPORT—SCHEDULE OF COMMITTEE FOLLOWING CONSIDERATION OF BILL C-39

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Chairman of the Standing Committee on Social Affairs, Science and Technology, Senator David. He has presented today his committee's report, the second paragraph of which reads:

> Given the complexity of the subject matter of the bill . . .

Namely Bill C-39.

Given the complexity of the subject matter of the bill and the time given for its examination, the Committee will want to give further consideration to this matter in the early period of the legislation's application including the concern of the division of spouses' credits and matters relating to disability.

The basis for this question is Standing Order 24(1)(c), as a question relating to the activities of a committee.

Can Senator David explain what exactly the Committee's plans are? For instance, did the Committee set a date—in six months or a year from now—to give further consideration to this matter as mentioned in the second paragraph of the report? If not, can he tell us about the Committee's plans regarding the bill mentioned in that paragraph?

[Senator Bonnell.]

Hon. Paul David: Honourable senators, I will gladly answer Senator Frith's question. This morning, the Committee examined the said bill for some two and a half hours. The answers obtained from the Department of Finances and Health and Welfare officials were very clear and precise. They have enabled us to get a good understanding of the purpose of this bill. We have learned, in particular, that, unless this bill is passed immediately, the children's benefit cheques for those entitled to a $15 or $20 increase, from $131 to $150 which are due January 1st, will not be received on time.

The principles of the bill were approved by all provinces concerned several months ago. Yet, problems remain in this bill, including the two mentioned in the comment made with the approval without amendment of the bill that the committee would like to further examine.

We would like to undertake this study next year. To give you a specific answer, we think that six to nine months would be reasonable to cover these two issues, which does not mean that other issues would not be raised along the way.

Senator Frith: Unless I am mistaken, the committee intends to examine this aspect of the bill and complete its study in less than six months.

Senator David: Let's say by December 31, 1992.

Senator Frith: That means one year!

Senator David: More or less, yes.

• (1450)

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have four delayed answers. The first is to a question asked on November 26 by Senator Frith on the status of Tibet. The next is to one of December 3, by Senator Lucier, on the visit of the Red Army hockey team to the Yukon. The third is in reply to a question of December 4, by Senator Bonnell, on the awarding of medals to the veterans of Korea, and the last answer is to a question asked on December 5 by Senator Macquarrie on the status of Mrs. Haddad.

Hon. Royce Frith (Leader of the Opposition): I would like the answer on Tibet read, please. I might have some further questions about it.

CHINA-CANADA RELATIONS

STATUS OF TIBET

(*Response to question raised by Hon. Royce Frith on November 26, 1991*)

> The recent US congressional appropriations, which mentions Tibet, apparently does not necessarily constitute an official position of the US administration on the status of Tibet.
>
> No declaration that Tibet is an "occupied territory" has been made either by the US State Department, or by External Affairs and International Trade Canada.

In 1970, when Canada established diplomatic relations with the People's Republic of China (PRC), it recognized the PRC as the sole legitimate Government of China. Although Canada takes no position with regard to specific Chinese territorial claims, neither does it challenge them.

Canada has on many occasions registered its deep concern about the human rights situation in Tibet. Prime Minister Mulroney raised human rights issues during his visit to China in 1986. At the United Nations General Assembly in September of 1991, the Secretary of State for External Affairs met with Chinese Foreign Minister Qian Qichen and expressed Canada's concerns about human rights in Tibet. These concerns were reiterated by Minister of Agriculture Bill McKnight during his visit to China in October.

Our national statement to the UN Commission on Human Rights in February 1991 called for an improvement in the human rights situation in China, with specific reference to violations occurring in Tibet.

In August 1991, the UN Sub-Commission on Prevention of Discrimination and Protection of Minorities passed a resolution on Tibet for the first time.

Senator Frith: I would ask the minister to determine whether I am right in my understanding of that answer as it relates to the question I asked. I take it that the interpretation the Department of External Affairs gives to the document I provided is that it does not say that the United States recognizes Tibet as an occupied territory, and that in any event there will be no change in this government's attitude toward the question of whether or not Tibet is an occupied territory.

I will leave it at that. You will have to pursue it further.

EXTERNAL RELATIONS

YUKON—VISIT OF SOVIET RED ARMY HOCKEY TEAM—SEIZURE OF PERSONAL PROPERTY BY CUSTOMS OFFICER

(Response to question raised by the Hon. Paul Lucier on December 3, 1991)

November 27, 1991, as a result of a local newspaper article, the superintendent of the Whitehorse, Yukon Customs Office became aware of an upcoming visit by the Red Army Hockey Team. The itinerary of the team was printed and reference was made to the sale of the merchandise.

November 28, 1991, the tour coordinator from the host team in Whitehorse was contacted regarding this visit and advised by Immigration that the Red Army Team could not sell any goods within Canada, but the host team could sell merchandise on their behalf. The customs superintendent also advised the coordinator of the duties and taxes applicable on the goods, and requested a list to assist with the expedited clearance of the goods.

November 29, 1991, the customs superintendent sent a fax to the host U.S. Team contact in Fairbanks, Alaska, where the Red Army Team was to play prior to entry into Canada, requesting that a list of goods to enter Canada for resale be forwarded by return fax. No reply was received to this request. Upon arrival in Whitehorse, the entire team was questioned, through a translator, regarding goods for resale within Canada. Customs was informed that the resale goods were left in Alaska due to previous information from immigration stating the players could not sell goods in Canada. Examination revealed only a few gifts, to be exchanged with the host team. These goods were released, as the value was nominal.

November 30, 1991, the customs inspector went shopping at the local mall. Upon entering the mall, she discovered the Red Army Team, selling merchandise which was noticeably different from the articles released at the time of arrival. The inspector immediately advised the customs superintendent, and after some discussion, the team was advised to close down the sale. All goods were returned to the hotel, and a complete inventory was done, establishing values and quantities. The decision was made not to seize the goods, but rather to collect the duties and taxes. The district manager was advised of the situation, and concurred with the decision. The Red Army Team representatives were advised of the various scenarios, and the action being taken. The representative apologized for the misunderstanding and agreed to pay the duties and taxes, along with special services. The inventory was completed and duties and taxes calculated. Payment in amount of $2,800.00 was collected. The value of the goods in Canadian funds was $10,000.00.

Local officers were prudent in avoiding any potential diplomatic incident by collecting duties and taxes, rather than applying seizure action. The Red Army Team appeared to be misinformed by coordinators from the U.S. Team and the Canadian Team, as all regulations were explained, yet this incident still occurred. Appropriate action was taken, in this instance, and the customs staff in Whitehorse should be commended for their use of sensitivity and responsiveness considering the circumstances.

NATIONAL DEFENCE

AWARDING OF MEDALS TO VETERANS OF KOREAN CONFLICT

(Response to question raised by Hon. Lorne M. Bonnell on December 4, 1991)

On November 10, 1991, His Excellency the Right Honourable Raymond Hnatyshyn, the Governor General, presented the first of the Canadian Volunteer Service Medals for Korea to a gathering of 59 veterans here on Parliament Hill. This group of deserving men and women who served Canada and the United States during the Korean War in the early 1950s represented some 26, 000 eligible veterans and next of kin in all provinces across Canada. These medals must be applied for by veterans or families of deceased veterans.

The Chancellery at Rideau Hall, Government House, which has full responsibility for the production and distribution of this Canadian Volunteer Service Medal for Korea, is now in the process of mailing out the Medal to the remainder of those applicants across the country.

The process put in place by the Governor General's office requires all recipients to make an application and once it is verified, the medal is mailed to their homes. This process is similar to the one used for the First and the Second World War.

Veterans Affairs Canada has been in contact with the national headquarters of the Korea Veterans Association, the Royal Canadian Legion and the Army, Navy and Air Force Association in Canada suggesting that the local branches and units of these organizations consider arranging "presentation ceremonies" for these veterans.

LEBANON

STATUS OF CANADIAN HOSTAGE, MRS. HADDAD

(Response to question raised by the Hon. Heath Macquarrie on December 5, 1991)

Numerous interventions have been made in the past to locate Mrs. Haddad and the department of External Affairs' efforts are continuing. The assistance of the United Nations has been enlisted as well as that of governments in the Middle East and the United States.

The Government is requesting American officials to enquire of the recently released hostages if they have seen Mrs. Haddad or are aware of any information whatsoever about her.

Mrs. Haddad's son and members of the Canadian Committee to Free Henriette Haddad have publicly expressed satisfaction with the action taken by the Canadian Government.

CRIMINAL CODE
NATIONAL DEFENCE ACT
YOUNG OFFENDERS ACT

BILL TO AMEND—THIRD READING

Hon. Mabel M. DeWare moved the third reading of Bill C-30, to amend the Criminal Code (mental disorder) and to amend the National Defence Act and the Young Offenders Act in consequence thereof.

Hon. Richard J. Stanbury: Honourable senators, I wish to make some brief comments on Bill C-30 prior to the conclusion of this debate. I mentioned at second reading that I had some concerns with the bill. I have since had the opportunity to consider those concerns and I am now willing to lend my support to this legislation. I would, however, like to put some thoughts on the record.

In particular, I want to make the Senate aware of the apprehensions of key witnesses before the Legal and Constitutional Affairs committee. Central to this act is an effort to reconcile the justice system's relationship with the provinces and their review boards. Bill C-30 regularizes the system by making review boards compulsory and allotting them specific responsibilities, taking over its determination role from the provincial lieutenant-governor. This is the aspect that will require ongoing review by the Justice Department. This aspect was dealt with by the Ontario Lieutenant-Governor Board of Review in its presentation before the Legal and Constitutional Affairs committee. Justice Callon, the board's chairperson, addressed what he characterized as "an omission in the legislation which makes it most difficult for our board to effectively carry out the scheme of the legislation".

Specifically, Mr. Al O'Marra, the board of review's legal counsel, offered an amendment to be added to section 11 as subsection (2). Essentially Mr. O'Marra and Justice Callon are asking for a provision to allow the review boards to order an assessment of the accused's mental state prior to conducting a hearing to render a disposition.

From my reading of the bill and my understanding of the Justice Department's position, it is not clear whether the Ontario board of review is correct in its assumption that, because there is no provision for the type of review they want in the legislation, they cannot conduct such a review. Honourable senators should know that the Ontario board currently does order such assessments but they are afraid that they will not be able to do so in the future without specific power to do so being prescribed by the present legislation.

• (1500)

The Ontario board's concerns point out the complexity of the issues at hand in this legislation. There is the Charter to consider. An amendment of the type the board suggests could lead to a conflict with the provisions of the Charter that were addressed in the *Swain* decision. With that in mind, the Department of Justice has chosen to go ahead with legislation as it stands, with the promise to evaluate its practical performance.

During the presentation of the Department of Justice to the Legal and Constitutional Affairs committee, officials assured committee members that they had studied the board's concerns and that they have been taken very seriously. The justice officials told the committee that the minister has undertaken to monitor the legislation very carefully over the next 12 to 18 months, with the option of going back to the drawing board to bring an amendment if the new system proves problematic. Furthermore, the Department of Justice has shown a willingness to work with Justice Callon and his review board to find solutions to his concerns.

As I mentioned in my comments during second reading, there is an important provision for parliamentary review included in this bill. This provision will afford some level of assurance that this bill, when it becomes law, will perform as intended. I believe that these undertakings are the appropriate course of action, given the complex nature of the legislation. Therefore, honourable senators, I am satisfied that this bill is

satisfactory for the present time and should now pass unamended.

Hon. Senators: Hear, hear!

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

[*Translation*]

THE ESTIMATES, 1991-1992

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) ADOPTED

The Senate proceeded to consideration of the Fourth Report of the Standing Senate Committee on National Finance (Supplementary Estimates (B) 1991-92).

Hon. Fernand Leblanc (Saurel): Honourable senators, the Supplementary Estimates (B) are the second supplementary estimates for the 1991-92 fiscal year.

As usual, the Treasury Board Contingencies Vote (Vote 5) was used to provide temporary funding for many of the items to be voted in these supplementary estimates prior to the approval of the expenditures by Parliament.

Treasury Board officials supplied a list of the uses of this vote by department and program, showing total advances $336.4 million or 24 per cent of the amounts appropriated in Supplementary Estimates (B). The list is appended to this report.

Passage of the appropriation bill will have the effect of replenishing Treasury Board Vote 5 by the $336.4 million spent, thus restoring it to the $400 million level that was approved in 1991-92 Main Estimates. According to Treasury Board officials, this level, in turn, represents roughly 1 per cent of total voted appropriation in the Main Estimates.

However, the committee is concerned about the increasing use that is apparently being made of this vote to fund expenditures, particularly those unrelated to paylist requirements, that have not yet been approved by Parliament. At a later date in the fiscal year, the committee may undertake a study to determine if the uses of the vote have changed over the years and report on fundings to this House.

When reviewing these supplementary estimates, Committee members questioned the notion of a $400 million reduction in the authorized expenditures of the Department of National Defence being used to offset the $400 million appropriation in the estimates of the Department of Agriculture to provide special assistance to Canadian farmers.

They noted as well that, according to the Minister of Finance, the remaining $400 million of this $800 million program is to be requested in the estimates for 1992-93. That appropriation, in turn, will be offset by several tax measures, including accelerated payment of taxes owing to the Department of National Revenue and payment of a percentage of taxes in dispute. Members were advised by officials of Treasury Board that these tax measures would not have been implemented had the assistance for farmers not been required. They were deemed necessary in order to keep projected expenditures within the fiscal framework.

Members expressed concern at the apparent precedent of funding an entire program out of lapses, which are not required for national defence purposes and accelerated tax collections that would have likely been justified even if the special farm assistance program had not been implemented.

Thank you, honourable senators. I apologize for my voice.

Motion agreed to and report adopted.

[*English*]

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO STUDY SYNFUELS PROJECT

On the Order:

Resuming the debate on the motion of the Honourable Senator Hays, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the Standing Senate Committee on Energy, the Environment and Natural Resources, be empowered to examine and report upon the Synfuels Project;

That the papers and evidence received and taken on the aforesaid subject before the Committee during the Second Session of the Thirty-Fourth Parliament be referred to the Committee; and

That the Committee present its report no later than June 30, 1992.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I wanted to discuss this matter with Senator Hays, who is Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources. I have had the opportunity to do so, and we have no objections to proceeding with this Inquiry. We understand that it is, in fact, in process now and that a good deal of the information has already been collected, so we have no objection to this study, and we are prepared to agree to it.

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

Hon. Senators: Agreed.

Motion agreed to.

• (1510)

VIOLENCE AGAINST WOMEN IN CANADIAN SOCIETY

ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith, calling the attention of the Senate to the violence against women in Canadian society and the desirability of investigation of the subject by a Senate Committee.

Hon. Royce Frith: Honourable senators, I notice that the time for this Inquiry is still ticking along. The clock should not be running because the rule does not apply to that inquiry, its having been "proceeded with".

Order stands.

THE ECONOMY

EFFECTS OF GOVERNMENT POLICY—DEBATE ADJOURNED

Hon. H. A. Olson, rose pursuant to notice of Tuesday, December 3, 1991:

> That he will call the attention of the Senate to the economic chaos created by the government in its pursuit of lower inflation and high interest rates.

He said: Honourable senators, there is a great deal of chaos in the economy, such as higher and higher levels of unemployment, even rising above the projections that were made by the Minister of Finance earlier this year when he brought down his budget. I believe that the unemployment rate stands at 10.3 per cent today.

There are a number of issues I would like to raise. However, in the 15-minute limit I have, I wish to focus my remarks on the debt and the debt service charge situation that has arisen in Canada because of the monetary policy that has been pursued during the past few months by the government and its main agency, the Bank of Canada.

It is true that interest rates have come down somewhat in the last six months.

Senator Di Nino: Somewhat?

Senator Olson: In fact, quite a lot. Honourable senators opposite should recognize that the damage done to the economy along the way is still there. Many people, including some senior economists working in various institutes and banks, seem to be somewhat puzzled by what has happened now that interest rates have come down as much as has been pointed out, and wonder why that does not stimulate the economy to get moving again. It seems to me that there are some new factors in the economic and financial structure that have contributed to this situation very significantly.

The problem is that individuals, small businesses and large corporations are still feeling the consequences of the monetary policy that was followed by this government and its agencies some time ago. At the moment, I suggest to honourable senators that neither the government nor its agencies seem to know what to do about it, although that could be an overstatement of the situation because even if they do know what to do about it, which I doubt, they are not willing to do anything.

A few days ago the Minister of Finance was quoted as stating:

> We're not changing course. I mean the course that we're on is producing results and that's why we're going to stay the course.

That is the answer that one recives from the government when it is asked if it is willing to make some changes in the management of the economy, particularly the monetary policy, to correct some of the high unemployment levels, the distress and, in many cases, the downright privation that has followed as a result.

It is not only me who believes that that should be done. I do not believe that the Canadian Chamber of Commerce has ever publicly criticized the government on its economic policies, particularly its monetary policy, in the past. However, this is what that body stated a few days ago:

> The national economic crisis is upon us. Canada's real growth performance will fall far short of the Federal Government's forecasts.

That was contained in a news release from the Canadian Chamber of Commerce published on November 21, 1991.

Honourable senators, there are two things that are different now than have ever been the case in the past with respect to where the monetary policy has led this country and why the economy is not making any reasonable recovery. There were one or two months when there was movement upwards of something less than 1 per cent, or about 1 per cent. I suggest that the reason consumers are not rushing into retail stores to buy more merchandise of any form, even for the Christmas season, is because of the debt service charges that they already have loaded upon them.

I do not think it is news to anyone to state that if an individual, a small business or a large corporation has to suffer debt service charges that go along with an overhang of debt, there is one thing to do and that is to get out of debt. All resources are diverted to reducing the amount of debt rather than borrowing more money simply because the interest rates have come down somewhat.

I recently checked these numbers and the amount of outstanding consumer credit in 1986 was $63.125 billion. By 1987, while this monetary policy was being followed, it went up to $72.539 billion; in 1988 it rose to $82.307 billion; in 1989 it had gone up to $90.881 billion; last year, consumer credit peaked at an all time high of $95.636 billion. That was the same time that the prime rate peaked at 14.75 per cent because of the actions of the Bank of Canada.

● (1520)

Honourable senators, just so there is no misunderstanding, the kind of consumer debt that I am talking about here does not include debt owed on credit cards. This is just consumer credit for all and various purposes other than that. As a matter of fact, the outstanding balances on credit cards, in 1990-91, have gone up to about $13 billion, too.

The outstanding business credit in billions of dollars in 1986 was not available to us. In 1987, it was $309 billion. This has now gone up to $402 billion in 1991. That, of course, is the level for the first nine months.

The reason I am quoting all these figures, honourable senators, is because in my view, and in the view of a lot of people I have talked to, there is no possibility that people will go out and borrow, make bank loans and do all those other things to obtain some funds so that they can start to speed up

the economy with either capital investment by business or by consumer spending in the retail areas. That is because they cannot meet the service debt or the debt charges that they have now.

The other thing that I think is important to recognize in this situation is that Canadians do not have any confidence that the economy will get better. There was a time not very long ago — and I think probably furniture companies were the best example, but there were others — where companies thought they could get consumers in to buy things because there would be no down payment and no interest and no payments for three or four months. Even that does not work any more. People have been caught with that once or twice. If you have been caught in a situation where your income did not change so that you could meet those payments when they did, in fact, come due about three or four months down the road, you do not do it again. You get very shy of doing it again.

Honourable senators, if you look in the paper now, you can find some of those offers where there will be no down payment for furniture—other things too, but particularly furniture—and no payments and no interest. Now we are stretched out to September, 1992. Some furniture company is offering those kinds of terms because no-one is willing to take a chance that their income will be such that they can cope with the debt service charges and the payments if they come any earlier than that.

Honourable senators, I have to be careful here. 15 minutes goes by so quickly you hardly know you got started. However, there are some other distortions in the numbers that you look at. One of them is that in November alone there were 45,000 people who stopped looking for jobs. Those people do not show up on the statistics of the unemployed. As a matter of fact, Statistics Canada reported even this week that job prospects are at their bleakest in seven years. That just about spans the time that this government has been in office. In other owrds, the job situation is the worst that it has ever been, senators, and an indication, of course, that there has been a steady deterioration ever since 1984. When this government gets in office, they make a mess of everything.

Hon. Pat Carney: I was wondering, Senator Olson, if you would permit a question at this time.

Senator Olson: I will have a hard time getting my speech finished in 15 minutes if I do, but very well.

Senator Carney: You have outlined the problem as you see it, but I have yet to hear of your solution. I have not heard any alternative proposed by you. I was wondering whether you were getting to that portion of your speech where you are outlining your strategy to improve the circumstances you describe.

Senator Olson: Now, if that is not a happy thought. That is the same excuse that every Minister of Finance has used since these Tories came into office. I might say it is unique, because it has never been used before. When Mr. Wilson was the Minister of Finance, every time he got cornered on the mismanagement that he had made of the Canadian economy and his monetary policy and everything else, he turned to the person and said, "Well, what would you have done?"

Senator Carney: What is your answer?

Senator Olson: The answer is that when you are in government, you have the facilities to examine all kinds of alternatives. The Minister of Finance has about 4,000 people to help him design his systems. You expect me, one person, to be able to give you a complete, detailed, better plan?

I am pointing out to you what people have on their minds. They have watched this government, and they do not like it. They do not like the mismanagement of economic affairs in this country over the last seven years.

Senator Carney: What about the 21 per cent interest when Marc Lalonde was finance minister?

Senator Olson: I will tell you something—

Senator Carney: Answer the question.

Senator Olson: I can tell you something else about that 21 per cent that you are talking about. The Canadian people are not listening any more to that lousy excuse that somehow it was the Liberals that created these economic problems that we have now. I tell you this without any reservation whatever: If you believe that the Canadian people are buying that argument any more, you are dead wrong. They want some results from this government in the management of their monetary policy and the subsequent economic policy that comes from it.

In any event, we know that the junior Minister of Finance, Mr. John McDermid, says, "We expect conditions to be much better in the future." That is all the hope that he gives.

Finance Minister Don Mazankowski admitted on November 22 that the jobless rate has gone up to 10.3 per cent. It went up to 10.3 per cent, even though he had predicted that it would be about 10 per cent earlier in the year.

Honourable senators, the sad part of all of this is that people have no confidence that the situation will change. One of the largest corporations in Alberta, a multi-billion dollar corporation, is now in the process of downsizing. They are selling off assets that they know are good assets, or usually good assets, because they cannot cope with the debt service charges. That is happening to all the middle-sized companies in Alberta. By the way, we are told that Alberta is better off than any other province in Canada, and this is how bad it is there.

This is the kind of cynicism that we get from the Governor of the Bank of Canada, and I quote:

> The fact that things don't turn around very rapidly is, of course, disappointing . . . .

It is disappointing to him, but it is devastating to a great many other people who have lost their businesses and have gone into bankruptcy in record numbers. I want to finish the quotation.

> —but it is not something to become overly distressed about.

Honourable senators, I would not be distressed for a guy who has had his salary range increased by about 100 per cent in the last 18 months, but I will tell you it is pretty distressing

to some of the farmers that I know who have had to pay 14 and up to 15 and 16 per cent interest not so very long ago. I admit the rates are down now, but the farmers are still carrying the burden of all the changes in the monetary policy that caused them to pay interest charges that were more than 50 per cent in excess of what they were—

• (1530)

The Hon. the Speaker: Senator Olson, according to the rule, I must warn you that you may have 30 seconds, unless honourable senators wish to waive the rule, allowing you to finish your remarks.

Senator Simard: Give him two minutes.

Senator Olson: It will not take more than two minutes. I will take but a few.

The Hon. the Speaker: Honourable senators, is it agreed?

Senator Carney: No.

Senator Olson: You said two minutes, did you not? I don't have two minutes? All right, I will have to raise another matter.

In the meantime I want to say that if anyone is so naive as to think that the actions of this government and the Bank of Canada will change, and as a result, kick-start the economy, they had better start to look at some of the facts. Some of the facts are, as I pointed out, the problems that are involved in that situation.

If I had more time, I would indicate why corporations, even large ones, will not borrow money even at these interest rates. It is because they have no confidence that there will not be enough economic activity resulting in the kind of income they need to service their debts when they come to them in the future.

Senator Frith: Maybe if you beg and crawl, they will throw you a crumb of another minute.

Senator Olson: If they are using these rules on me, that is fine. I will find ways of getting around them tomorrow.

The Hon. the Speaker: Senator Everett.

Hon. Douglas D. Everett: Honourable senators, if no other senator wishes to speak on this matter now, I will adjourn the debate in my name.

However, since we are at about the end of today's business, so far as I know, I wonder if whoever refused to grant leave for Senator Olson to continue would like to reconsider. He is making a most interesting speech. With respect, I think it would be wise to give him leave to continue—

Senator Carney: No.

Senator Everett: —and to conclude his remarks. I wonder if that senator or senators who refused leave would reconsider.

Senator Carney: No.

Senator Olson: Honourable senators, I appreciate the offer from Senator Everett. He can only make the suggestion. It takes unanimous consent to waive the rules. I will not ask for unanimous consent because I do not believe a senator should stand up here at the grace of other senators. I want to stand and make a speech about something that is on the minds of my people. It is my right. Senators opposite have wrecked our rights to do that. I must find a way around that and, believe me, I will.

On motion of Senator Everett, debate adjourned.

[*Translation*]

FISHERIES

WINTER FISHING AT THE ENTRANCE TO THE GULF OF ST. LAWRENCE—DEBATE ADJOURNED

Hon. Jean-Maurice Simard rose pursuant to notice of Thursday, December 5, 1991:

> That he will call the attention of the Senate to a matter of concern for our fellow citizens of the Atlantic Provinces, namely winter fishing at the mouth of the Gulf of St. Lawrence.

He said: Honourable senators, I will be brief and I do not think that I will have to ask for two or three minutes more.

On December 5, I gave the Senate notice that I would raise the subject of winter fishing by the deepsea fleet at the mouth of the Gulf of St. Lawrence.

Before I read my statement, I would like to read to you a letter that I sent today to the minister and told him I would table.

Ottawa, December 10, 1991

Hon. John Crosbie
Minister of Fisheries and Oceans
House of Commons
Ottawa, Ontario
K1A 0A6

Mr. Minister:

Here is a copy of a statement that I made in the Senate on December 10.

With the support of corrected data from the Atlantic Fisheries Scientific Advisory Committee (AFSAC) on overfishing by the deepsea fleet and considering the need to preserve employment and income in the inshore fishing industry, I recommend that your predecessors' commitment be respected and that winter fishing by the deepsea fleet be forbidden in sector 4Vn.

Best wishes for Christmas and the New Year.

Yours truly,

JEAN-MAURICE SIMARD
Senator for Edmundston

Honourable senators, by way of explanation, I would add that the coalition of inshore and midshore groundfishing fleets of the Gulf of St. Lawrence brings together inshore and midshore fishermen from Quebec, Nova Scotia, Cape Breton and New Brunswick. It is probably the first time that a

coalition of this size has been set up in this industry in Canada. This should show there is a problem, which I will try to explain to you in the next few minutes.

So on November 18, 1991, a coalition of inshore and midshore groundfishing fleets of the Gulf of St. Lawrence asked the Hon. John Crosbie, Minister of Fisheries and Oceans, to close winter fishing by the deepsea fleet at the mouth of the Gulf of St. Lawrence, specifically in zone 4Vn.

This request, which I find very well-developed, states the efforts made by all stakeholders in the fishing industry, especially the Gulf fishermen, to replenish the ground fish stocks which were depleted toward the end of the 1970s.

Great many sacrifices were made in hope of averting a repeat of this crisis. Fisheries and Oceans Canada, in co-operation with the inshore and mid-shore fleets operating in the southern part of the Gulf, phased in new ways of managing fisheries in order to streamline and stabilize this industry.

I see that Senator Roméo LeBlanc (Beauséjour) is with us at this time. I think he can attest to the efforts that have been made by many of the interest groups and the federal government has certainly worked closely with advisory committees to promote better management methods so that everybody's job can be protected: plant employees and owners, as well as inshore and mid-shore fishermen of the provinces affected.

In spite of these efforts, the cod catch in the Gulf of St. Lawrence keeps going down. This year's harvest is particularly disastrous. Once again, the cod industry in the southern part of the Gulf will be doomed unless difficult political and management choices are made immediately.

At the present time, the fishermen are seriously concerned about the proposal made by the offshore fleet for an overall increase in the total allowable catch for 1992. Under the present circumstances, such a demand placed on cod stocks is simply out of the question. Short term gains called for by the offshore fleet will be possible only at the price of sustainable development for the whole ground-fish industry.

Honourable senators, to force the offshore fleet to refrain from fishing in zone 4Vn during the winter will reduce the catch in that zone by approximately 4,000 metric tons. The offshore fleet, however, is at liberty to supplement their total catch by harvesting their quotas in zones that border upon 4Vn while being within territorial waters. In other words, to close winter fishing to offshore fishermen in zone 4Vn in no way reduces their ability to maintain the same catch levels but contributes significantly to the protection of groundfish stocks, and therefore protects our inshore fishermen.

The scientific advisory committee on Atlantic fisheries has found and documented overfishing by the offshore fleet that totals 11,700 metric tons: that is 7,700 metric tons in 1990 and 4,000 tons in 1991. The overfishing of total allowable catches in 1990 is the direct result of the fishing effort of the offshore fleet, both within and outside the Gulf. The same kind of overfishing took place this year. In my opinion, we cannot afford to wait to see the consequences of such a practice. Moreover, the coalition documented some inaccuracies in the last report of the scientific advisory committee regarding groundfish stocks.

The corrections made indicate that the situation of these stocks is more critical than was shown in the last report. The committee is considering issuing a correction. However, we must act before it is too late.

Honourable senators, the fishermen's coalition represents more than 7,000 members from various groups in Cape Breton, Nova Scotia, Prince Edward Island, New Brunswick, Quebec and Newfoundland. Of these 7,000 members, more than 3,000 are active in cod fishing within the Gulf of St. Lawrence.

The catches of these 3,000 fishermen provide jobs for more than 6,000 workers in fish plants. Thus, there is a lot at stake for our Atlantic workers.

Honourable senators, the fishermen's coalition advocates four measures which, given the present situation, must be taken immediately.

1. That at least winter fishing by the deepsea fleet in zone 4Vn at the mouth of the Gulf cease.

2. That scientists accelerate data collection on winter catches in zone 4Vs and that the Department of Fisheries and Oceans take the necessary corrective action.

3. That efforts to conserve, protect and replenish fish stock in zone 4T be intensified.

4. That the Department of Fisheries and Oceans take compensatory measures until the stock is reconstituted.

In closing, honourable senators, I urge the Minister of Fisheries and Oceans to receive positively the recommendations from the fishermen's coalition to safeguard the base of the fishing industry, i.e. to preserve the stocks, groundfish and cod, and thus safeguard the livelihood of thousands of small-scale fishermen on the Atlantic coast.

I ask you senators to read the excellent document presented in the form of a request by the fishermen's coalition, of which I now table a copy in the Senate, with your permission.

[*English*]

Hon. Royce Frith (Leader of the Opposition): You have completely talked me out of any compassion I ever had for anyone fishing at the mouth of the Gulf of St. Lawrence.

[*Translation*]

The Hon. the Speaker: Honourable senators, is leave granted?

Some Hon. Ssenators: Agreed.

Hon. Eymard G. Corbin: Honourable senators, is Senator Simard's document in both official languages?

Senator Simard: Yes.

Hon. L. Norbert Thériault: Honourable senators, I will move adjournment of the debate, but before doing so formally, I want to congratulate my friend Senator Simard on his position and offer him my support.

On motion of Senator Thériault, debate adjourned.

The Senate adjourned until Wednesday, December 11 at 2 p.m.

CONTENTS

Tuesday, December 10, 1991

PAGE

Senator's Statements

Human Rights Day
Senator Kinsella 738

Pharmaceutical Industry
Made-in-Canada Drug Policy. Senator Bonnell 739

Social Affairs, Science and Technology
First Report of Committee Tabled. Senator David 739

Canada Pension Plan
Family Allowances Act
Old Age Security Act
Bill to Amend—Report of Committee. Senator David 739

Budget Implementation Bill, 1991
First Reading 740

Trust and Loan Companies Bill
First Reading 740

Bank Bill
First Reading 740

Insurance Companies Bill
First Reading 740

Canadian National Railways
Notice of Motion to Authorize Transport and Communications Committee to Inquire into Decision to Sell Rail Line. Senator Graham 740

Canadian Citizenship
Notice of Motion to Authorize Social Affairs, Science and Technology Committee to Make Study. Senator Kinsella 740

Goods and Services Tax
Presentation of Petitions. Senator Frith 740

QUESTION PERIOD

Foreign Affairs
Status of Soviet Union—Commonwealth of Republics—Control of Nuclear Arsenal—Government Position. Senator Olson .. 741
Senator Murray 741

Precincts of Parliament
Safety in the Workplace. Senator Lawson 741
Senator Murray 741

The Senate
Request for Answers. Senator Marsden 741
Senator Murray 741

Western Sahara
Implementation of Proposed Peace Plan—Canadian Participation—Request for Update. Senator Murray 742

PAGE

Canadian Human Rights
Possibility of Amendments to Act—Government Policy. Senator Kinsella 742
Senator Murray 742
Proscribed Ground of Discrimination—Effect on Eligibility to Serve in Canadian Forces. Senator Kinsella 743
Senator Murray 743
Senator Frith 743
Senator Marsden 743
Effect of Sexual Discrimination on Eligibility for Veterans' Affairs Benefits. Senator Marshall 743
Senator Murray 743

Pharmaceutical Industry
Request for Balanced Appointments to Review Board. Senator Bonnell 743
Senator Murray 743

Foreign Affairs
Withdrawal of Aid to Indonesia—Government Policy. Senator Bonnell 743
Senator Murray 743

Social Affairs, Science and Technology
Comment in Committee Report—Schedule of Committee following consideration of Bill C-39. Senator Frith 744
Senator David 744

Delayed Answers to Oral Questions
Senator Lynch-Staunton 744
Senator Frith 744

China-Canada Relations
Status of Tibet. Question by Frith (Delayed answer) 744

External Relations
Yukon—Visit of Soviet Army Hockey Team—Seizure of Personal Property by Customs Officer. Question by Senator Lucier. (Delayed answer) 745

National Defence
Awarding of Medals to Veterans of Korean Conflict. Question by Senator Bonnell. (Delayed answer) 745

Lebanon
Status of Canadian Hostage, Mrs. Hadded. Question by Senator Macquarrie. (Delayed answer) 746

Criminal Code
National Defence Act
Young Offenders Act
Bill to Amend—Third Reading. Senator DeWare 746
Senator Stanbury 746

The Estimates, 1991-1992
Report of National Finance Committee on Supplementary Estimates (B) Adopted. Senator Leblanc 747
Senator Molgat 747

THE SENATE

Wednesday, December 11, 1991

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

Prayers.

SENATORS' STATEMENTS

CANADA

COMMEMORATION OF PROCLAMATION OF INDEPENDENCE

Hon. Heath Macquarrie: Honourable senators, I am sure that when we came to Parliament Hill this morning, we all noticed that on the courtesy flag-pole there is flying the Royal Union flag, often called the Union Jack, an ensign of which I am very fond. As every schoolboy knows, as Macaulay would say, it is basically the flag of a free Scotland with a couple of other crosses superimposed.

The reason it is flying today is a very important one. December 11, 1931, is the day when the Statute of Westminster was proclaimed, which statute underscored—or legitimized—the independence of this country. As the then Prime Minister, R. B. Bennett said in moving the motion:

> I do so with the utmost pleasure because I realize that it is the culmination of the long, long effort that has been made since we were a colony, to become the self-governing dominion that we now are.

There are people who think that "constitutionitis" is a disease of the present generation. It is not. It has been a long, long story from Borden down through to the present time.

This was a magnificent day, when, within the then-existing empire or Commonwealth, it was decreed, agreed, and legitimized that the then-overseas dominions—and indeed all the dominions—were autonomous and in no way subordinate one to another.

My great professor Arthur Lower who, if I were Saint Paul, would be my Gamaliel, used to say that, if Canada had an independence day, it would be December 11. He said:

> The Statute of Westminster came as close as was practicable without revolutionary scissors to legislating the independence of the 'Dominions'. There is good ground for holding December 11, 1931 as Canada's Independence Day, for on that day she became a sovereign state.

I look at the flag, and I like it. But that is not the flag that should be there today. In 1965 in the lower house, I departed from my party's view and supported a resolution by Réal Caouette suggesting that the Canadian Prime Minister should go to the Commonwealth meeting and propose the establishment of a Commonwealth flag, just as we have one for the United Nations and for NATO. I suggest that that is the flag that should be up there.

With hope in my heart, I will write the present Prime Minister and suggest that to him, honourable senators.

Hon. Senators: Hear, hear!

THE ECONOMY

MEETING OF ATLANTIC PREMIERS

Hon. Lorne M. Bonnell: Honourable senators, I will go along with my good colleague from Prince Edward Island about the flag. However, I have a much more important issue than changing the flag at this particular time.

It is that the four Atlantic premiers are meeting in Halifax to discuss the economy of the region. The Prime Minister of Canada has refused an invitation to attend, or even to talk about the economy of Atlantic Canada.

Senator Barootes: It is not true.

Senator Bonnell: If it is not true, then why does he refuse to go?

Senator Carney: This is not question period.

Senator Barootes: He does not attend sectoral meetings. He is a national Prime Minister.

Senator Bonnell: That is the reason.

Senator Barootes: He doesn't attend regional meetings.

Senator Bonnell: I guess we are only a section now. We have lost the province. We are now down to a section, according to Senator Barootes. I thought we were the Atlantic area, a region of Canada, and just as important as any other region.

The Prime Minister should make every effort to consult with those premiers. They are the first ministers of their provinces. He happens to be the first minister of Canada, for a short time. If he does not negotiate with those people, I am quite sure their support on other matters might fall away. I know that the premiers are now saying that they will not bring constitutional matters into the economy, or the economy into constitutional matters. But keep snubbing them, keep rubbing them the wrong way, keep ignoring them, keep cutting back on them, and I would say we are likely to end up with them not fighting very hard to hold this country together with the leadership we have in this country today.

APPROPRIATION BILL NO. 3, 1991-92

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-47,

for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1991.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Friday next, December 13, 1991.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO INCREASE MEMBERSHIP OF COMMITTEE

Hon. Paul David: Honourable senators, I give notice that on Thursday next, December 12, 1991, I will move:

> That the membership list of the Senate Committee on Social Affairs, Science and Technology be increased to include 15 members and that section 87(1)(*m*) of the Rules be suspended for the duration of this session.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some petitions to table. These petitions state and call upon us, the members of the Senate and of the other place, the true representatives of the people, to do our utmost to counter the new goods and services tax and ask for elections to be called immediately.

Today, these petitions are from New Brunswick. I have four of them signed by 81 citizens from Bas-Caraquet, Brantville, Maisonnette, Pokemouche, Rivière-du-Portage, Shediac Bridge and Saint Sauveur.

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 2,397 residents of the province of Ontario who object to the goods and services tax. These petitions are mostly from Windsor, Cambridge, Hamilton, Thunder Bay and Terrace Bay.

Honourable senators, I also have the honour to present petitions signed by 4,364 residents of the province of Ontario who object to the goods and services tax. These petitions are mostly from Hamilton, Cornwall, Ottawa, Niagara Falls, North Bay, Toronto, Belleville, Owend Sound, Kingston, St. Catharines, Pickering, Mississauga, Midland, Rexdale, Downsview and Scarborough.

Do we have a page strong enough to come and get these 6,500 names?

• (1410)

Hon. Len Marchand: Honourable senators, I have some petitions here with a few hundred names on them. These petitions are signed by aboriginal people, largely Indian, from various parts of the country, who are in opposition to the GST. These petitions were passed on to me under the auspices of the Association of Iroquois and Allied Indians from London, Ontario.

The signatories to these petitions are from Southampton, Ontario; Fort Nelson, B.C.; Surrey, B.C., Nelson House, Manitoba; Winnipeg, Manitoba; London, Ontario and Muncey, Ontario. They are in the correct form as required by the Senate.

VETERANS AFFAIRS

PRESENTATION OF PETITIONS

Hon. Jack Marshall: Honourable senators, I have the honour to table 202 petitions from veterans across the country in support of the report of the Senate Subcommittee on Veterans Affairs,"It's Almost Too Late". The petitions are far-reaching, including some from Saskatchewan, Nova Scotia and New Brunswick. There are many from Ste. Anne's Hospital in Quebec, the only hospital remaining under the auspices of the Department of Veterans Affairs. Some of the signatories are patients there, many of them merchant seamen, who are wondering why they have to wait so long to be recognized.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. Nathan Nurgitz: Honourable senators, may I have leave to revert to Notices of Motions?

Hon. Royce Frith (Leader of the Opposition): That depends on what you want to move.

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

Senator Frith: Would Senator Nurgitz explain why he wants leave?

Senator Nurgitz: Yes. I seek leave to present a motion for the Legal and Constitutional Affairs Committee to sit this afternoon at four o'clock. I take it if I had leave to do that at that time you would then ask for an explanation as to whether it should be given; if I could get to that point.

The Hon. the Speaker: Is leave granted?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): You mean you will raise the matter again at four o'clock? I am prepared to give leave for to you present it, but I am not prepared to tell you I will agree.

Leave having been given to revert to Notices of Motions:

Senator Nurgitz: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*), I move:

> THAT the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at 4 o'clock in the afternoon today, Wednesday, December 11, 1991, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

I trust that my friends opposite wish to hear an explanation. There are two matters before the committee. One of them is the consideration of a letter that has been drafted. Both sides have consulted with respect to urging the Minister of Justice to proceed more swiftly than originally proposed on the second phase of the gun control legislation. The committee believed that it was in the interests of all concerned that the bill receive speedy passage, but it did not want to have the comments not made, even though they were assisting or cooperating in speedy passage. It was agreed that the committee draft a strongly worded letter to be sent to the minister, the idea being that if approved later today, we could send the letter and make it public tomorrow so that it would be a matter of public record. I would do it during Senators' Statements.

As well, the committee will consider Bill C-3. There are a large number of witnesses, all of whom would love to be able to coordinate their presentations. We need the certainty of time.

Senator Molgat: I thank Senator Nurgitz for his explanation. I understand the House of Commons will adjourn tomorrow; the last information I have is that it is adjourning tomorrow. On that basis, it is important to get that letter to the minister before the House adjourns. Under those circumstances, I agree to leave being granted.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

ANSWER TO ORDER PAPER QUESTION

QUEBEC FLAG—BROADCASTING OF BROCKVILLE INCIDENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a written question, Question No. 50 on the Order Paper, standing in the name of Senator Molgat.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): What is the delayed answer?

Senator Lynch-Staunton: It is about an incident regarding the Quebec flag.

Senator Molgat: Is it a lengthy response?

Senator Lynch-Staunton: No.

Senator Molgat: I wonder if you would be prepared to read it into the record.

Hon. Royce Frith (Leader of the Opposition): It goes on the record, but read it viva voce.

Senator Lynch-Staunton: The question has to do with an event regarding the treatment of the Quebec flag in Brockville, Ontario, in September 1989, which was shown on the CBC and picked up by other media. The answer is as follows:

> This matter has been brought to the attention of the Canadian Radio, Television and Telecommunications Commission (CRTC) and to the Canadian Broadcasting Corporation (CBC). We are informed as follows:
>
> Broadcasting regulations require retention of broadcast tapes for only 28 days following the date of broadcast. Unless a complaint is received within that period, tapes are then allowed to be destroyed. Given that usage of taped material which is the subject of this inquiry took place several months after the initial incident, and that usage was more than a year ago, there is no practical way for the Commission to ascertain how many showings took place.
>
> CBC records are not maintained in a fashion that makes it possible to extract the specific information required to respond to this question. The records do indicate, however, that neither the CBC's French nor its English network carried reports of the flag incident in Brockville at the time it occurred in September 1989 on any national network news programs, i.e. *The National*, *Le Téléjournal*, etc. Tape of the incident was, however, relayed at that time to all CBC owned and operated stations across the country as part of the regular daily news feed of items provided by the network for inclusion in local/regional news programs at the option of the individual stations.
>
> Several months after the events in Brockville, at the time when it was becoming obvious that the Meech Lake Accord might not be ratified by its deadline, the Brockville item resurfaced in the general media throughout the country. It was cited or discussed in various magazine articles, newspaper and radio reports, and clips from it were used to illustrate points in television reports about Meech-related stories and issues. During that period from February through June 1990, it is likely that CBC's national network news programs, French and English, carried clips from the original Brockville tape at one time or another.
>
> On November 5 and 6, 1990, *The Journal* broadcast a special two-part documentary entitled "The Brockville Incident". The program documented how a single incident, virtually unnoticed at the time it happened, evolved into a major symbol in a national debate.

● (1420)

Senator Molgat: I thank Senator Lynch-Staunton very much for reading the answer.

Was the Brockville incident, which was broadcast on CBC, also broadcast on Radio-Canada in the French version?

Senator Lynch-Staunton: As I recall, it was, and repeatedly.

Senator Frith: It was in French? Would you make sure of that?

Senator Lynch-Staunton: I know that I saw it more than once.

Senator Molgat: I wonder if you might give us the details as to when it was shown on Radio-Canada?

Senator Lynch-Staunton: If the records are still available, certainly.

Hon. Roméo LeBlanc: Honourable senators, my question is supplementary to that of Senator Molgat's.

It would be interesting to know not only how many times it was repeated but the names of the programs on which it was used. It was my observation that it was not used exclusively in what I would call information, news and public affairs programs.

CANADA PENSION PLAN
FAMILY ALLOWANCE ACT
OLD AGE SECURITY ACT

BILL TO AMEND—THIRD READING—DEBATE ADJEOURNED

Hon. John Lynch-Staunton, for Hon. Thérèse Lavoie-Roux, moved the third reading of Bill C-39, to amend the Canada Pension Plan, the Family Allowances Act and the Old Age Security Act.

Hon. Lorna Marsden: Honourable senators, before this bill receives third reading, I wonder if I may take this opportunity to speak for my side on the bill.

My party has agreed that delaying the payment provided through this bill for children of people with disabilities would be unacceptable, and indeed I would not want to contribute to such a delay.

On the other hand, the bill has grave problems in at least two areas which I believe the Senate should consider.

Honourable senators will have read Bill C-280, which has been received in this chamber, and which the government is not very fond of, but which got through the House of Commons, and so it should have. Bill C-280 amends the Canada Pension Plan, as does the bill that is under consideration now. Bill C-280 amends it to provide additional protection for the disabled.

I recommend this bill to you, but the moral of the bill and the process through which it has come are also very important. Bill C-39, the bill we are being asked to pass now, neglected the situation of people with disabilities in ways it should not have done. There is a time limit on applying for disability pensions, the only CPP benefit which has that stipulation. How could Bill C-39 pass the other place without this being changed? Thankfully, Bill C-280 provides us with an opportunity to rectify that situation.

No such rectifying legislation has come from the Commons to change the situation of another group of Canadians who are badly disadvantaged by the current CPP scheme. I am referring to old women living in poverty. It used to be that the largest group of people in poverty in Canada were the old people. The guaranteed income supplement and the old age pension and the CPP have improved that situation. However, if you look at poverty statistics in this country, there is still a very large number of people in old age in poverty. The majority of them are single women, unattached women, divorced or widowed women, but most particularly divorced women.

All senators are familiar with the financial constraints that arise on the situation of divorce. Indeed, senators ought to be, because the Senate of Canada was one of the first and early great advocates of divorce reform in Canada, principally I believe because the Senate had to pass individual divorce cases for many years. An entire Senate committee was devoted to hearing the details of divorce cases which were then passed individually as Acts of Parliament. The history of the Senate and its concern for divorce is an interesting one. It illustrates the extent to which senators, of both parties, of all religious backgrounds, and of both genders, urged divorce reform in the 1950s and 1960s, and indeed much earlier.

Having achieved considerable divorce reform in 1968 and subsequently, and property law reform in the provinces as a consequence thereof, we come to the economic situation of the spouses upon divorce and separation now.

There is still in this country a generation of women who did not enter the paid labour force for the same number of years as men and who did not accrue benefits under the Canada Pension Plan. In general, the expectation was that they would retire with their husbands. Both of them would then be supported by pension arrangements, including pension benefits from CPP. However, if a divorce occured, the husband's pension credits went with the husband, or rather the earner's credits went with the person who had earned them, and that was almost always the husband. The wives were left without those pension benefits.

After many years of agitation, the situation was changed so that CPP credits could be split upon divorce. This is important in two instances. It is important for the spouse who has not accumulated pension credits to survive in his or her old age, but it is particularly important when the partner with the CPP credits remarries and upon his or her death leaves those credits with the new spouse. Even during life, they can split those credits with a new spouse. The discarded spouse, as that person is unfortunately referred to, is left without those pension credits.

Hon. Royce Frith (Leader of the Opposition): Where is the person referred to as a "discarded spouse"?

Senator Marsden: In the official literature, you will find "the discarded spouse".

For all intents and purposes, the people with the CPP benefits are men. Those left without sufficient support in their old age are women.

We are told in a recent article published by Statistics Canada that younger women, women generally speaking younger than I, who enter the labour force and who work on average as many years as men, will not suffer the same fate as

their older sisters or their mothers. However, the labour force participation rate of women even in middle age and higher is still not as high as that of younger women, or indeed of men in general. Many women over the age of 50 and older are highly vulnerable to old age poverty.

• (1430)

The situation is exacerbated by the fact that, while CPP credits may be split upon divorce, this is not automatic and it must be requested at Health and Welfare Canada. Until 1987 one could only request the splitting of pension credits for three years after divorce. In 1987 the situation was improved so that there is no longer a time limit on the application. However, as with so many other benefits, especially for people in poverty, it is not good enough to make the benefit available. People have to be aware of it. Then they have to follow through and ensure they get it. This is one of the concerns we all had with respect to the GST rebates. It is not good enough that they are there; you also have to do the paper work to get them.

The experience in Canada has been that many lawyers do not counsel their clients upon divorce to request a splitting of the CPP credit or, even worse, they encourage the wife to trade off CPP credits for the future against immediate benefits that may be more important to them at that time, such as funds for looking after children or some kind of property settlement on a house. In the case of people who are not married under the law but who are co-habiting, this situation may even be exacerbated. That is because divorce is a provincial jurisdiction and the information does not flow to authorities issuing CPP credits. There is a Central Divorce Registry but there is no such registry for common law or co-habitation situations.

We know that the take-up rate for CPP pension credit-splitting is low. Between 1978 and 1990, there were half a million divorces in Canada but only 22,572 pension credit-splitting cases recorded by Health and Welfare Canada, and that only includes those people who were legally married. It does not include the many relations that were common law.

This situation of the difficulties with CPP pension credit-splitting has been known for a very long time. People have been making representations on this for a very long time. The Canadian Advisory Council on the Status of Women continuously makes representations. The National Council of Welfare, women's groups and other groups concerned with poverty across the country are always talking to the government about the pension credit-splitting issue. After all, either all citizens should have the right to pay into a pension fund such as CPP or, if there is a wage-earning spouse responsible for the family, then those years in which such an arrangement is agreed to should be reflected in the benefits of old age.

What makes one so angry about Bill C-39 is that this was precisely an opportunity to put into effect an automatic credit-splitting provision. I quote from a report of the National Council of Welfare called "Women in Poverty Revisited" published in the summer of 1990. They say:

> Splitting of CPP credits could be made automatic by using the information collected by the Central Divorce Registry of the federal Justice Department. The Quebec Pension Plan already has such a system. QPP administrators get copies of divorce judgments and automatically split the credits of ex-spouses. This is much better than under the Canada Pension Plan, but it is not perfect. Quebec couples, like those in Saskatchewan, can still decide not to have their credits split.

This bill, which does quite a few things to improve split credits, does not put in any kind of automatic or easy registration system. While the bill amends subsection 55 in a variety of ways, it does not ensure that credit-splitting is automatically done. It improves and clarifies the situation with respect to credit- splitting but does virtually nothing for the majority of the women who are not pension-wise and who, especially because divorce is likely to occur at a much younger age than one normally contemplates retirement, are not thinking about the consequence to their old age.

Honourable senators, to put it in simple terms, I must say I think it is disgusting that this bill has received such speedy passage through both chambers of Parliament. The practice of putting together in a single piece of legislation a "sweetener", such as an additional benefit for children with parents with disabilities, with a great many other changes that are inadequate or less palatable is an unfortunate one. In fact, if we were reasonable people, we would divide this bill; pass the section dealing with children of the disabled; and retain the sections dealing with subsection 55 until we had brought some backbone to those provisions.

• (1440)

I am quite surprised at the lack of concern shown, especially in the Senate. Surely, everyone is aware of women living in poverty in old age, and particularly of the poverty of those who have divorced, especially those who have divorced at an age over 50 or 55. Such divorces are no longer uncommon. While they may be a relief to the individuals involved, they lead to an extraordinary degree of poverty among single women of advanced years who must be supported from the public purse in other ways. Since the Senate cannot escape its reputation as being a chamber of older people, perhaps it behooves us to look especially at the interests of older people.

If we give passage to Bill C-39 this afternoon, we will have allowed an important opportunity to slip by. The bill was sent to our committee only last Friday. It was dealt with in this chamber only last Thursday. Because the schedule was changed on short notice, many of us were prevented from attending sessions which we might otherwise have attended. This is not a partisan criticism because Senator Kinsella and others on the Social Affairs committee and, indeed, I am sure, the chairman of the Social Affairs committee share concerns about the rapidity with which this bill had to go through.

In my view, this is simply not good enough. The bill is not good enough. Its insensitivity and lack of concern about a matter that has been public knowledge for years is not good enough. The often-discussed concern about poverty will only

be dealt with if we pay attention to the laws we are passing and to the details and opportunities of those laws. As you can tell, honourable senators, I am very unhappy about this matter. If there are others who share my views, perhaps we can take some better action in studying this matter once more.

The situation is quite clear. Divorce leads to financial inequity. Financial inequity leads to poverty, mostly among older women, and there is a remedy. CPP credits can be split automatically on divorce or the break up of a common law relationship. It is an administrative matter. It requires no additional expenditure of funds. It helps to reduce poverty in old age. It makes the system more fair. It recognizes the contribution of spouses, both those in the paid labour force and those who work at home. It maintains the flexibility of divorce. I urge the Senate to take better action than it is about to do.

Some Hon. Senators: Hear, hear!

Hon. Jack Marshall: Honourable senators, I was at the committee meeting yesterday that was mentioned by Senator Marsden. From the point of view of the bill, I was interested in what was said by the witnesses who appeared before that committee. I was surprised to learn that consultation on the bill started back in 1987.

I raised a few questions, which makes me wonder about the procedures in Parliament and what has happened since the consultation process started back in 1987. The matter was discussed with the provinces. It came before cabinet, and there was a consultation paper which was put before Parliament. That was discussed. Then, all of a sudden, the night before we read the bill, it comes to us and we are supposed to deal with it in its full extent having to do with Old Age Security, family allowances and the Canada Pension Plan.

I would like to read parts of the unrevised transcript of the proceedings of the committee. I asked the following questions:

> **Senator Marshall:** From the point of view of procedure, this was all agreed to by the provinces, it went before cabinet and then they prepared a bill. Where do the Members of Parliament who are elected by the people come into the process? Is it only after the bill is introduced?

Mr. Fortier, whose title I have forgotten, replied:

> No. With respect to the survivor's reform, Mr. Epp . . .

I presume he was talking about the Hon. Jake Epp, who was the minister at the time.

> . . . presented a series of proposals in a consultation paper that was referred to Parliament for study. There was a study carried out by Parliament and a report prepared by Parliament on the proposals.
>
> **Senator Marshall:** By Parliament?
>
> **Mr. Fortier:** By a special committee.
>
> **Senator Marshall:** I am just thinking about the Constitution and the responsibilities of the Senate vis-à-vis the House of Commons and who really makes the decisions in Parliament.

[Senator Marsden.]

> Are you aware of a Bill C-280, a Private Member's Bill, which concerns disabled persons?
>
> **Mr. Fortier:** Yes.
>
> **Senator Marshall:** Was that bill an afterthought by an individual Member of Parliament? Did Mr. Redway consult with you or the department on the bill? It has to do with disabled persons and the time for them to receive benefits.
>
> **Mr. Fortier:** Mr. Redway was concerned about people who . . . do not apply on time in order to receive a disability pension. The time may lapse because, having not applied on time, they no longer meet the recent provisions under the eligibility conditions for disability benefits.
>
> **Senator Marshall:** Was the department aware of this before the bill was presented?

I remind honourable senators that this is a bill on which consultation started in 1987.

> **Mr. Fortier:** There were representations made to the department. One of the ways to analyze proposals made to the department is to refer a specific issue to the Canada Pension Plan Advisory Board, which was done in this particular case. We thought that we should obtain the advice of the advisory board in this case.
>
> The advisory board reviewed the proposal and concluded that something should be done for those who are not capable of applying because of illness.

Why was something not done since 1987 or since the Honourable Alan Redway saw the need? I then asked:

> I understand what you are saying. What I am getting at is this. How come, after all this consultation process which started in 1987, another matter is forgotten and these disabled persons are not able to apply for their pensions?
>
> **Mr. Fortier:** I do not think we can say that it was forgotten. The proposal was considered. A decision was made to proceed in a more limited fashion than what Mr. Redway would have liked.

So there was something in the bill already to provide the time factor, or whatever benefits there were, to go to disabled persons.

Mr. Fortier continued and said this:

> That condition is now included in this bill.

That is the condition which disabled persons are seeking.

> **Senator Marshall:** The same provision is included in Mr. Redway's Bill C-280?
>
> **Mr. Fortier:** A much more limited approach. The provision in the bill is intended for those who are incapable of applying for either physical or mental reasons. The report of the CPP Advisory Board was tabled in Parliament, as a matter of fact, and included that particular recommendation. The department decided to proceed on the basis of that recommendation.

I should have asked him why the bill was not amended to include it.

Then the question arose as to where the money comes from, which was the main contention. I asked this:

> **Senator Marshall:** From where does the money come to finance this bill? Does it come from the Consolidated Revenue Fund or from the pension plan fund?
>
> **Mr. Hagglund:** The money comes ultimately from the Canada Pension Plan contributions that are paid in by employers and employees accumulated in the Canada Pension Plan account, invested in the Canada Pension Plan investment fund, accumulating some earnings and flowing back through the Canada Pension Plan account to beneficiaries. So the track of it is a little more complicated than just a yes or no answer, but it flows into and out of the accounts of the Government of Canada without actually forming something that is backed or subsidized by the general revenues of government.

That is something that John Diefenbaker used to call obfuscation.

> It is backed entirely by the employer-employee contributions and the investment fund earnings.
>
> **Mr. Fortier:** The short answer is CPP pays for all expenditures.
>
> **Mr. Marshall:** Including administrative costs.
>
> **Senator Marshall:** Then that is my argument, I think.
>
> **Mr. Hagglund:** I am not sure, technically, what it would do to that argument.
>
> **Senator Marshall:** I am sorry to take up the time but it is an important issue. The Private Member's bill to which I was referring, Bill C-280, has no Royal Recommendation looking for funds. The question is where the funds for that are coming from when a private member can introduce a money bill in the House of Commons and have it approved there, and a similar bill . . .

and I am referring there to my Bill S-5

> . . . is turned down in the Senate because it is a money bill.
>
> **Mr. Hagglund:** It is way beyond our legal expertise to get into the question you are raising and I am not sure that our answers really affect your thinking on that point. You would have to consult with people who—

He mentioned the lawyers, but I do not know why it is not included in the evidence.

> **Senator Marshall:** I realize that but you mentioned that up to a point it comes out of the pension fund and then there is some relationship with the Consolidated Revenue Fund.
>
> **Mr. Hagglund:** Yes, sir.

● (1450)

So, honourable senators, there is certainly some confusion as to the difference between the two bills. One introduced in the House of Commons with no Royal Recommendation, asking for money, is approved, and the one not asking for money, Bill S-5, is turned down. I am sure you will deal with that later.

Senator Frith: I propose to adjourn the debate on this bill. The debate here at third reading has raised the question of severability, a question that we on both sides have had to face from time to time. That is a bill where we support one part but have difficulties with other parts. It is a bill that deals with an aspect of a subject yet fails to deal with another aspect. This question, as I say, comes up frequently in Parliament and, in fact, was the occasion, as we can remember, for some two weeks of bell ringing by the Progress Conservative opposition in the other place, in response to the Liberal government's refusal to sever an energy bill.

In this case, the Senate unanimously supports certain aspects of this bill, the principal aspects, I suppose we could say. It seems, however, that there are, at least, the seeds of potential unanimity on the aspects of the bill that we have reservations about. The first appearance of that apparently bipartisan or unanimous concern is contained in the report that was tabled by the Chairman of the Committee, Senator David. In the *Minutes of the Proceedings of the Senate* of yesterday, December 10, 1991, at page 460, at the end of the second paragraph of his report, Senator David says:

> "Given the complexity of the subject matter of the bill, and the time given for its examination, the Committee will want to give further consideration to this matter in the early period of the legislation's application . . ."

And I now underline the following words:

> ". . . including the concern of the division of spouses' credits and matters relating to disability."

My suggestion is that we adjourn the debate. We heard today, as I say, an impression of widely-shared concerns. Certainly, I can speak for our side, as did Senator Bosa, that we support this bill, but we find today that there is a serious weakness in the bill, an opportunity missed to solve a long-standing serious problem. We were told today that Senator Marsden has the feeling that Senator Kinsella has some of the same concerns. Therefore, I propose that we adjourn the debate until tomorrow in the hope that perhaps we can agree on a unanimous addendum to Senator David's report that would draw a tighter focus on the weaknesses described by Senator Marsden, and in the hope that a message can be sent to the other place showing our support for the bill's positive principles and our serious concern about the points raised by Senator Marsden, apparently shared by Senator Kinsella and, as far as I know, Senator David as well.

I therefore move the adjournment of the debate in the hope that someone better informed than I—Senator Marsden, Senator Kinsella, the Chairman of the Committee—might explore this possibility and let us know tomorrow whether we can add another paragraph to Senator David's report accordingly.

On motion of Senator Frith, debate adjourned.

[*Translation*]

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

THIRD READING—DEBATE CONTINUED

On the Order:

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

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

4. Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date the Official Languages Act applies to the airport authority, with such modifications as the circumstances require, to the authority in relation to the airport as if

(a) the authority were a federal institution; and

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

Hon. Louis-J. Robichaud: Honourable senators, this debate which has been going on for almost three months in committee or in Committee of the Whole is no routine matter. While it deals with certain aspects of Bill C-15 on airport transfers, it brings out a profound conflict between the Official Languages Act, which flows directly from the Constitution and the Charter of Rights and Freedoms, and the way the government privatization and transfer policy is applied. In the name of a policy that may have some merit, the Bill jeopardizes hard-won individual rights. We know what a certain short-sighted conception or rather misconception of the rules of the game in the private sector has cost us in terms of effort, delays and anxiety.

That is what it is all about and nothing less. It is no coincidence that my colleagues, senators Corbin, Molgat and others, have so brilliantly spoken expressing their views with logic, reason, knowledge and with an open heart. It is no . . . It is no coincidence that one of them courageously broke party lines to try to correct what we think is a dangerous injustice. It is no coincidence either that we all represent provinces where Francophones are a minority. And prestigious voices of the English-speaking community have said the same thing for the same reasons, as the proposed amendment tabled by Senator Frith reminds us. All these colleagues know what they are talking about and the government would be well advised to listen to them carefully.

Obviously, there is no place for partisanship here! We appeal to the government's sense of fairness and remind it of the commitment it made in the 1988 Official Languages Act to encourage the development of Francophone and Anglophone minorities. Does Bill C-15 do this or the exact opposite?

[Senator Frith.]

I will be brief, because my colleagues have already covered much of the ground, but it would be hard for me not to challenge certain arguments against the full application of the Act which were presented to us as being obvious but which I think are often fallacious and even contradictory.

For example, ensuring that the local airport authorities, LAAs, are competitive. Why is the obligation of providing service in both languages considered compatible and not the obligation having to do with language of work and equitable participation for the two groups? It has never been shown to be more costly. Who will believe that equitable hiring and the right to work in the minority language only in the designated regions of Quebec, Ontario and New Brunswick will involve significant additional costs? Why was the suggestion repeatedly made by the Commissioner of Official Languages in his annual reports of first evaluating the cost impact rejected out of hand? At least we would know what we are talking about instead of having the threat of financial disaster bandied about.

The Minister of State, senior officials of the Department of Transport and our colleague who sponsored the bill all said that the public sector has one set of rules and the private sector another.

● (1500)

In that case, why was the requirement to provide services to the public in both official languages included in Bill C-15, while those concerning the working language and equal opportunities were not? The third party to an agreement, those who at present, have an airport franchise, must, in view of their contract, meet all the obligations required of a public service.

It would seem, and I quote the sponsor of the bill on this, that "we can trust the local airport authorities". Fine, but no more than the government departments and institutions which certainly did not always live up to this trust. So, let us not be too naive here or look like gullible fools.

We are told, and this is a good one, that the privatized CN hotels inherited no constraints. Perhaps the government will have noticed, in its wisdom, that we can easily change hotels if we are dissatisfied. However, with airports, it is quite another story.

We are told that Air Canada had remained under the authority of the Official Languages Act because the government is still, for the time being, the majority shareholder of the company. It can be dangerous to be too convincing. No one reminded us that the then chairman and chief executive officer of the national airline, Air Canada, had categorically stated that he could live and prosper under such legislation. There is worse. Were we thus issued a warning that the government would amend the act respecting the privatization of Air Canada when it would see fit, in order to limit, as does Bill C-15, the linguistic rights of Canadians? If that is the case, we have the right to know. If not, why use an argument that proves nothing but creates confusion.

We are told that, as things stand, the Official Languages Act would apply fully only to Montreal airports and that the foreseeable majority of local airport authorities would actually be located in non-designated areas with regards to the choice of the working language. What sophistry, what callousness! Is there no English-speaking community in the Montreal area?

Secondly, have we not been told that negotiations are under way concerning the other eight airports, including Moncton and some in Ontario? Therefore, Montreal is in no way the only one concerned. There are also airports in the three provinces with designated areas. Finally, if airports are now governed by the distinction between provinces with designated areas and the others, why would the minority communities of these three provinces lose acquired rights and the other provinces and their minorities not gain anything? I do not have time to explain the impact that this will have in Moncton, but I could paint a picture that would not be pretty. Do we not have enough with COR in New Brunswick and the Reform Party in Canada?

That is what those arguments for maintaining unjustifiable provisions are worth. That is also why my colleagues, well-informed citizens in our regions and I are deeply worried and ask the government to thoroughly review its position on this issue, especially at this critical time in our history. Are there not enough clouds already? Must we really add Bill C-15?

In its present form, Bill C-15 will be a bad piece of legislation because it contradicts, at least in spirit, a fundamental and almost constitutional law of this country. In the case of New Brunswick, which is the only officially bilingual province whose two communities are designated by law and soon, we hope, in the Constitution, it is more than a setback, it is offensive nonsense.

While discussing the testimony of two successive Official Languages Commissioners, the sponsor of this bill in the Senate suggested that we should not let ourselves be impressed because they were only doing their job. When he said that, I am sure that he did not want to show contempt for Parliament, of which the Commissioner is an officer. But in my opinion, he has done just that since, in fact, the government is now asking Parliament to go back and erode rights that it granted, to set a precedent which, on two important points, tends to weaken, for no valid reason a homogeneous and irreplaceable system of language rights.

Honourable senators, that is why I support the amendment made in committee by Senator Molgat, and I will vote in favour of the motion tabled in this House by Senator Frith, seconded by Senator Fairbairn.

Hon. Norbert Thériault: Honourable senators, I will be very brief since, as I well know, coming after Senator Louis Robichaud has never been an easy task. I would also like to express my support for the comments made by Senator Simard. I find him very courageous. Once again, I congratulate him. I agree with the comments made by my colleagues on this side of the Chamber.

I especially appeal to a few senators, namely Senator Robertson, who fought, with Senator Simard, for the enactment of the *Official Languages Act* in New Brunswick, my friend Senator Ross and the Leader of the Government in the Senate, who knows the situation. I implore them to accept Senator Frith's amendment or to review the whole structure of Bill C-15.

There is no hurry. I am told that it is already in progress. I am concerned as a minority Francophone from New Brunswick. I am also concerned, in the present climate, with what is going on in Montreal because the people of Quebec should know that Francophones outside Quebec have suffered enormously from the enactment of Bill 178. I am concerned every time the Francophone community in Quebec takes steps which might seem necessary. They may be necessary, I do not judge them. But, in the eyes of the majority, these actions impinge on the rights of the Anglophone minority in Quebec and Francophones outside Quebec pay the price.

I cannot concieve, as Senator Robichaud so aptly said, that the authorities being created might be forced to set aside the section of *Official Languagues Act* that should apply.

On the subject of Air Canada, the excuse is often given that the *Official Languages Act* applied to Air Canada because the government still controlled, I think, 57 per cent of the shares. I am told that the government would eventually like to sell all its shares in Air Canada. Will the *Official Languages Act* apply then, or will we try to invoke the same arguments as today?

I would first urge Quebecers to understand the point of view of us Francophones outside Quebec. If they refuse, I would urge Anglophones in the Maritimes, in association with the Government Leader in the Senate, to make representations to the government so that, through Senator Frith's motion or by any other means, Senator Simard's suggestion can be accepted before the end of the third reading of this bill.

Hon. Pierre De Bané: Honourable senators, I propose the adjournment of the debate. I intend to participate in the debate on this issue. As the previous speaker said, I think other senators, namely those from Quebec, should also take part in it, mindful of what Canon Groulx, this great Quebec nationalist once said: what Quebec never understood is that French Canadians from other provinces are the first line of the French fact in Canada and, were they to disappear, the French in Quebec would soon follow them.

Hon. Thérèse Lavoie-Roux: Honourable senators, I had some comments to make on senator De Bané's remarks.

Hon. Eymard Corbin: Mr. Speaker, there is a motion from senator De Bané for the adjournment of the debate.

Hon. Royce Frith (Leader of the Opposition): Does Senator Lavoie-Roux wish to participate in this debate right now? I am sure Senator De Bané would be willing to give her the floor. Or does she want to comment on what Senator De Bané said? I just want to make sure, it is not a negative reaction towards any intervention Senator Lavoie-Roux would make.

Senator Lavoie-Roux: Honourable senators, if I have heard, not understood, but heard correctly, Senator De Bané wanted

to know if Quebec senators on this side would keep silent during this debate. Have I heard correctly?

Senator De Bané: Honourable senators, I just wanted to invite all senators and in particular Quebec senators from both sides to take part in this debate. I think it is the responsibility of opposition senators as well as government senators to participate in this very important debate.

We, the Quebec senators from both sides, should not keep silent on this issue which affects every Canadian.

Senator Lavoie-Roux: I want to thank Senator De Bané for his explanation. If we assume that we will have other opportunities to speak about this, I want to tell him that it is certainly my intention, and that of some of my colleagues on this side of the House, to take part in that debate. For now, I agree to his request for an adjournment debate.

I want to thank the Leader of the Opposition for this opportunity to speak.

Hon. Lowell Murray (Leader of the Government): Mr. Speaker, before you present the motion to adjourn of Senator De Bané, I would simply like to say clearly that the Senator can quote the late Canon Groulx all he wants, the position of the federal government on this issue has absolutely nothing to do with Quebecers' attitude towards French minorities outside Quebec, an attitude I have always found to be constructive, at least as far as members of this House are concerned. The position of the federal government on this issue is based on its policy towards the privatization of corporations. We will have another opportunity to talk about this after my colleague has spoken.

On motion of Senator De Bané, debate adjourned.

● (1510)

[*English*]

AERONAUTICS ACT

BILL TO AMEND—SECOND READING

Hon. J. Michael Forrestall moved the second reading of Bill C-5, to amend the Aeronautics Act and to amend An Act to amend the Aeronautics Act.

He said: Honourable senators, it is with some pleasure and recollection that I rise to speak to Bill C-5, an Act to amend the Aeronautics Acts and to amend an Act to amend the Aeronautics Act. I recall how long ago we started on some of these amendments. Many of you may recall that in 1985 the first major amendments to the Aeronautics Act in over 60 years were processed through the House of Commons and through this chamber. It took sixty years to bring about the first amendments, and I am pleased to note that the government is now causing to be brought about amendments only five or six years after the somewhat relatively new act was brought into play. We are demonstrating that we can keep pace on behalf of the aeronautics industry with the legislation that, in fact, supports it.

● (1520)

Honourable senators, these amendments to the act are brought forward to update the existing legislation to deal with issues that have arisen since the last act was passed in 1985. They will also—and very importantly—provide the legislative framework for implementing undertakings of the government regarding penalties for noise violations and federal-provincial recommendations with regard to airport zoning.

First, I would like to address the section which will provide an increased maximum for administrative monetary penalties. The 1985 amendments introduced the concept of administrative monetary penalties which authorized the minister to assess a penalty to a maximum of $1,000 for the contravention of certain provisions of the act. These provisions are designated in regulations which also establish the maximum penalties in respect of these provisions subject to the limit of $1,000 set out in the act.

In some cases, honourable senators, the $1,000 limit has been shown to be ineffective as a deterrent, especially with regard to violations of noise abatement procedures at larger airports such as Lester B. Pearson International Airport in Toronto. To overcome this problem, the act is being amended to increase the maximum penalties to $25,000 for corporations and $5,000 for individuals. Bill C-5 will allow the regulations to be amended, increasing the maximum penalty for these offences where such an increase is warranted. In other words, it is not automatic.

Second, a new section is being added to the zoning provisions of the act authorizing the minister to make agreements with local zoning authorities that will allow the local authority to make and enforce zoning regulations for local airports using provincial procedures. The amendment is based on the recommendation of a federal-provincial working group on airport zoning which met to explore methods of increasing federal-provincial cooperation in preparing and enforcing zoning regulations on land surrounding airports.

Height zoning around aerodromes comes within the exclusive power of the federal government since it relates to the very vital question of aviation safety. At the same time, provinces have authority to zone such areas for other purposes. Additionally, zoning procedures under the existing Aeronautics Act are more complicated and expensive than those followed by many of the provinces and the municipalities in those provinces in which the airports may be located.

This amendment establishes a system whereby provincial zoning authorities will be able to make height zoning regulations apply to airports at a time and in a manner that will be in accordance with other zoning regulations applying to the area. If the local authority does not wish to make such an agreement, however, it is not obligated to do so. The airport may eventually be zoned by the federal government if it comes within its zoning requirements and policies.

Bill C-5 also proposes amendments to the act to allow more expeditious response to urgent safety recommendations. Occasionally, a body investigating an aviation accident or incident will make a recommendation to the Minister of Transport that requires immediate implementation in the interests of aviation safety. A new provision is being added to the act that will

allow the minister to make interim orders that will give these recommendations an immediate and mandatory effect while the formal regulation is undergoing the normal process. The interim order will remain in effect until the regulation development process is completed but, in any event, will not exceed a maximum of two years.

Another provision of the bill we now have before us will give the minister a new power to act to withhold, suspend or cancel a Canadian aviation document where, in the Minister's opinion, the past record of the document holder justifies that action. This would also apply to any principal of a company which holds the document. This will enable the minister to deal appropriately with situations where an operator whose certificate of operation has been cancelled attempts to continue his or her operation by starting a new company or buying an existing one. Where the minister suspends or cancels the document on this basis, the decision may then be reviewed by the Civil Aviation Tribunal.

Two new provisions expanding extraterritorial jurisdiction to the act are being added. Senators will recognize the need for this. The first will make all the provisions of the Aeronautics Act apply, as appropriate, to passengers as well as crew members on board Canadian aircraft operating outside of Canada. For example, one that immediately comes to mind is the use of seatbelts.

The second provision will authorize the Governor in Council to make regulations implementing obligations that Canada has already accepted in principle in ratifying article 3 of what is known as the Chicago Convention: For instance, setting out requirements for aircraft that may be intercepted when overflying another country's territory.

An amendment to the original bill was unanimously agreed to by the members of the Standing Committee on Transport. This amendment adds a new regulatory authority to the Aeronautics Act to limit the hours of work of crew members, including flight attendants, in a move that recognizes their important safety functions as members of the aircraft crew.

Finally, Bill C-5 provides for amendments to the security provisions in the act to implement the system of establishing security measures to be carried out by air carriers and airport operators. Instead of security measures being "approved" by the minister, specific ministerial orders will establish those measures that must be carried out. This system will overcome certain legal objections to the earlier method.

Honourable senators, I have given only a broad-brush picture of the amendments that Bill C-5 proposes to make to the Aeronautics Act. I hesitate to call them "housekeeping". Certainly, they are technical in nature, but generally they are designed to keep the Aeronautics Act up-to-date with the industry it serves.

I am confident, honourable senators, that you will find these amendments worthy of your attention and allow us to bring the helpful measures that are in here through our legislative process in an expeditious manner. To this end, I would invite honourable senators who have detailed questions to avail themselves of the opportunity that a hearing in committee would provide.

Hon. Jerahmiel S. Grafstein: I recognize that the honourable senator wishes all questions to be directed to the committee. However, perhaps he might be able to give us some guidance about these new amendments which he says will improve the Aeronautics Act. My question is a fundamental one: What additional costs to airlines and to the travelling public will result as a consequence of these additional regulations and the enforcement procedures? What will be the cost to the Canadian taxpayer? Does the honourable senator have that information readily available?

• (1530)

Senator Forrestall: Honourable senators, I do not have that type of detailed information available, but I can advise the honourable senator that it is my understanding that these provisions will not entail any additional costs to airlines. It will be a matter of some inconvenience to perhaps one of the airlines with respect to the hours aircraft will operate, but that is the only indication of additional costs that I know of.

Senator Grafstein: I have one other point, and I assume this could be explored in committee. As the honourable senator is aware, and I am sure all members of the Senate on all sides are aware, Pearson Airport is now one of the most inefficient major airports in the western world. It is inefficient every day. Travellers to Ottawa suffer from a form of misrepresentation when we fly by Rapidair. It is neither rapid, nor is it on time. I prefer to call those flights the NOT Airlines—never on time.

Additional costs to the travelling public, additional costs to the taxpayer, additional dislocation of the neighbours in the community are all affected by countless delays in the airport. This results in stifling the growth of Metropolitan Toronto as an international city which has been the engine of growth in this country.

I ask the honourable senator and the government: Will these regulations improve the efficiency in terms of the number of incoming and outgoing flights at Pearson Airport, or will they seriously or continually erode the already inefficient method by which the airport is managed?

Senator Forrestall: Honourable senators, certainly to the degree that Canadian carriers would wish to violate certain regulations, there will be very possibly more costs.

With respect to the direct question the senator is asking as to whether this bill will improve the efficiency of Toronto international airport, the answer is no, not necessarily.

Senator Grafstein: My final question is this, and again this could be dealt with by the committee if the honourable senator does not have the answer at his fingertips. One of the difficulties that municipalities across this country are facing is the indirect taxes that are imposed by federal government regulations. My question is this: Will the cost of the municipalities of Greater Metropolitan Toronto be increased as a result of this new bill in order to regulate, from a municipal aspect, the enforcement of these provisions?

Senator Forrestall: Honourable senators, to the best of my knowledge, no, that would not happen. There might be incidental increased costs at the provincial level with respect to the implementation of zoning provisions, but not increased costs directly to the municipalities, as far as I can see. Again, I would urge senators who have very legitimate questions like this to avail themselves of the opportunity to monitor or take part in the committee hearings.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the questions raised by Senator Grafstein touch on some of the aspects of this bill that I think require some study. Particularly, I have some notes that indicate that many take the view that the initiatives in the bill should include measures to divert traffic from overcrowded airports such as Pearson to other areas. There would be a beneficial result of such measures, namely, economic growth in certain areas. At second reading, we are only speaking of the principle of the bill, and we support the principle of the bill.

My recommendation will be that we give Bill C-5 second reading now and send it to the committee, providing we have an undertaking that it will receive study and will not bounce back here within a few days. I am a bit uneasy about some of the bills that we have moved along expeditiously and sent to committee. We see them as bills that require careful study by the Senate. They require the exercise of that important constitutional function of the Senate to seriously consider bills of this kind, to study any disadvantages that may result from their passage, to give opportunity for criticism, and, of course, to scrutinize them to ensure that there are no mistakes.

Could we have some assurance from the government that this bill, if we allow it go to committee now, will receive some study and not bounce back on us within a week? In fact, I would like to have the assurance that the bill, if it goes to committee, will receive serious study and will not be back in the Senate before the Christmas adjournment. The committee will then have the opportunity of using the intervening time to study the bill carefully and to give attention to some of the questions that we have raised. If we have that assurance, then I recommend that we give Bill C-5 second reading now and refer it to the Standing Senate Committee on Transportation and Communications.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I cannot give assurance as to how the committee will proceed on this bill. I certainly can give assurance that it can take all the time it needs. If it is not here by Christmas, we will look at it again when we return from our break.

Senator Frith: The chairman is here.

Hon. Finlay MacDonald: I can give you the assurance, Senator Frith, that you will not be hearing the committee report before Christmas.

Senator Frith: Put the motion, then. It is a pleasure to do business with you, senator.

Motion agreed to and bill read second time.

[Senator Grafstein.]

REFERRED TO COMMITTEE

On motion of Senator Forrestall, bill referred to the Standing Senate Committee on Transport and Communications.

THE ECONOMY

EFFECTS OF GOVERNMENT POLICY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the economic chaos created by the government in its pursuit of lower inflation and high interest rates.—(*Honourable Senator Everett*).

Hon. Douglas D. Everett: Honourable senators, I would like to inquire with you for a moment whether it would be possible to lower the exchange rate on the Canadian dollar in terms of the U.S. dollar—whether there is a case for that, and whether it can be done without inflationary consequences.

The stance of the central bank as articulated by Governor Crow is that his sole target is price stability. Therefore, he has embarked on a restrictive monetary policy. The results are that the Canadian dollar is at the level of 88 cents in terms of the American dollar; that the three month rate on Treasury Bills in Canada is 7.21 per cent versus 4.38 per cent in the U.S.; that 30- year bonds in Canada achieve a rate of 9.16 per cent versus 7.7 per cent in the U.S. Over the average of the 1980s the Canadian dollar is up 5 per cent as against its major trading partners, but when you look at the average in the United States it is up over 10 per cent, and of course the bulk of our trading is done with the United States.

• (1540)

So what is the fallout of that policy of the Central Bank and Governor Crow? First of all, everybody knows that our export industries are suffering. Since 1989 we have lost 300,000 manufacturing jobs, and manufacturing output is down by 14 per cent. Our primary producers who depend on exports are hurting. An example of a primary producer is the prairie farmer. The cost to the prairie farmer of the dollar being at $.88 instead of $.80 is some $400 million a year. That $400 million we have to meet through government subsidies. It is a fact that a 1 per cent decrease in the exchange rate equates to a 2 per cent change in farm income to prairie farmers. So what I am saying is that if the Canadian dollar were to be reduced from $.88 to $.80, it would do more than any negotiation that we could conclude successfully with the GATT.

Not only are we suffering difficulty with our exports, we are finding that imports are cheap and are increasing. In addition, we have the problem of cross-border shopping. The combination of those two factors has created a situation in which retailers are suffering mightily. If you take 5 or 10 per cent off the volume of any business you can be sure that the profits are either thin or nonexistent. You will have noticed today in the *Globe and Mail* that over 500 stores in ladies' wear retailing have gone under this year.

That is not the real problem, however. The really ominous problem about the policy of the Central Bank is the current account deficit. In the first nine months of this year it has gone to $22 billion from $18.2 billion last year. Our trade surplus dropped in the last quarter. Our travel deficit was $1.5 billion in the third quarter. Cross-border shopping has added $4.1 billion to our current account deficit in the first nine months, and our nonmerchandise deficit is now at an annual rate of $33 billion. The current account deficit has gone from 1 per cent of gross domestic product to 3 per cent today. It is the highest among the G-7 countries, and the difficult part to stomach is the fact that most of that money is going for nonproductive purposes; that is, to the government to finance consumption.

If we have this current account deficit, we have to examine how we finance it. Our net foreign debt in Canada is $280 billion. That means that $27 billion was paid to foreigners last year as compared to $4 billion in 1980. Foreign debt is up by $23.3 billion in 1991 alone. Eurobond issues in 1991, so far, equal $14 billion as against $4 billion in 1990. It has been estimated that by 1995, if we maintain the dollar at the current level, we will add $50 billion to the foreign debt as a consequence.

Mr. Mazankowski was in Japan the other day. He promised the Japanese the continuation of a high, if not higher Canadian dollar. He said we will not lower interest rates. His policy is not to confiscate foreign assets by having the dollar adjust to a lower rate. I can understand the Japanese being very pleased with that statement, for they hold $44 billion in federal and provincial debt. Indeed, the Japanese have been attracted to buy our debt because they have low interest rates and the Americans have low interest rates. The high Canadian yield accompanied by the promise of the Minister of Finance that there will be an even higher yield by virtue of appreciation of the Canadian dollar naturally creates a market for our indebtedness.

So what do we have? The government's and the governor's objective is price stability. He has reduced inflation, which will result, as he says—and he is right if inflation is lower—in lower interest rates over the longer term. He proposes that that will cause a containment of costs and result in increases in the competitiveness of our industries. At that point, he says, the Canadian dollar will stabilize with the American dollar because our rate of inflation will be lower than theirs and our efficiencies will be equal to theirs. There are problems with that policy. First, it is a long and painful process. It will involve bankruptcies, layoffs and downsizing of many firms. If the maintenance of the dollar goes on at the present level without cost improvements, we will destroy the trade sector of this country. So what we have is the possibility of permanent losses of industries and of jobs.

As our deficit grows, our foreign indebtedness increases, and our interest payments to foreigners increase. So what we face, then, is a vicious circle. It does not matter that the indebtedness is denominated in Canadian dollars. All that means is that there is no exchange risk for the issuer. The money still has to be paid out to the foreign holder and translated into the currency of that holder. So what we are doing here with an increasing current account deficit that is caused by an inordinately high dollar is mortgaging the future of this country.

• (1550)

I believe the Canadian dollar will, on that account, adjust in any event. In the first place, there is no indication that the cost of government, as related to the taxes paid by people, will decrease. There may be more efficiency within industry itself, but I see no indication that the incidence of tax on industry will be lower.

It is a fact that a 12 per cent cut in pay would be required right now to justify a dollar at $.88 and remain competitive with the United States. The current account problem is very large now, and it is growing. One asks, then, is there another route? At the present time, inflation is below the target rate of 3 per cent. In fact, it is below the inflation rate of the United States, if we do not take into account the one-time effect of the GST.

What is the purchasing power parity of the Canadian dollar? That is to say, how much money in terms of American dollars will $1 Canadian buy in goods and services? The answer is $.80. That is the purchasing power parity. That is as good a proxy as any for what the value of the dollar should be.

Honourable senators, we must bring the current account deficit under control. In the past, we have achieved equilibrium in Canada, as, indeed, the Americans have achieved equilibrium, by adjusting exchange rates. In the 1983 to 1986 recovery, the change in the monetary conditions index was achieved by an 11 per cent depreciation in the Canadian dollar.

I contend that the climate is right for that adjustment. We have a low inflation rate. We are suffering from low output. The budgetary deficit as opposed to the current account deficit requires less borrowing. I predict that the budgetary deficit will fall faster than has been expected, if for no other reason than that there is a saving in our budgetary expenditures on account of interest of $1.8 billion for each 1 per cent decline in interest rates. If we make an adjustment now in our currency, it would be a one-time adjustment. It is true that we will have to increase the money supply to do it, and there is some risk of inflation involved, but we are talking about a one-time adjustment which I believe in today's climate can be accommodated. In any event, I think it will happen regardless of what the government does, purely and simply because the higher dollar is creating a larger current account deficit. The outflows to service that debt to foreigners will increase and increase.

I would like to deal for a moment with the Free Trade Agreement in this context. There is no doubt that in order to accommodate the Free Trade Agreement a restructuring has to take place. But, it would be easier if industry in Canada were making profits out of its exports so that investment money is available. If there is no adjustment in the Canadian dollar, we are talking about an adjustment in industry that will

be a very long and very painful process. Very grave losses within industry will be possible and, I believe, probable.

It has been said in the government's constitutional paper that it would like to see the mandate of the Bank of Canada being solely that of price stability. I think that is a dreadful mistake. The bank must be concerned with much more than price stability. Surely, it has to be concerned with economic growth, employment levels and balance of payments as well.

I wonder, honourable senators, whether the governor has not sold the government a bill of goods. Has he said, "I will get rid of inflation. Interest rates will stay low. The Canadian dollar will stay high. Imports will be lower priced. Industry will adjust to the competitive environment, and a clearer road to economic success will open up"?

Or, is this the scenario, the scenario that I think is possible? The adjustment, as I said, will be slow and painful. We will experience permanent loss of industries. People will be more inclined, as they are more and more each day, to look north-south rather than east-west. The current account deficit will increase, and the cost of servicing it in terms of foreign exchange will increase. As a result, there will be an unintended devaluation of the dollar to at least its parity pricing level if not beyond. So that the road that presents itself will be one of constrained economic activity causing a reduction in government revenues and a possible decrease in budgetary revenues, and all the consequences that flow therefrom.

The Hon. the Speaker: Senator Everett, according to the rules, I must advise you that your 15 minutes are up. If honourable senators agree to waive the rule, the honourable senator may continue his remarks.

Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Everett: That is very kind of honourable senators. I really do not require additional time because I was just finished my speech.

I hope in some way that I have made the case that the government itself should look at the policy of the Governor of the Bank of Canada, and that within that policy there is an opportunity, without departing from proper monetary control, to make the adjustment from $.88 to $.80, with all the good consequences that would flow from it.

Hon. Senators: Hear, hear!

Hon. Duff Roblin: Honourable senators, I hope this is a good day to talk about economics because my honourable friend opposite who introduced the motion to which I address myself attempted to analyze in his speech the condition of the Canadian economy. I think his presentation suffered from a defect, at least from my point of view, as it was, to put it mildly, rather one-sided. I say that because the substance of his resolution and his speech was that it is the government's fault and that we are facing a situation of "economic chaos".

Senator Olson: I still believe that.

Senator Roblin: I would encourage him to extend his analysis. I think he can find a better balance because there are other players in this field. Let me assure him that there is plenty of blame to go around. We could accept his strictures, perhaps, if they were on a more balanced basis.

Before I get into this gloomy exercise of looking at the problems, I wish to examine a few of the facts of the present situation which, to me at least, are hopeful. There are some positive factors to be found. As we have just been told, inflation is down to 2 per cent at the present time. That is very good. Indeed, the bouts of inflation that we experienced earlier this year were mostly the result of higher taxes, assisted by the impact of administered prices. Interest in the bank prime is now 8 per cent. That has come down in a rather short period of time from 14 per cent. I regard that as dramatic.

• (1600)

Another factor that is positive for Canada is that the spread between Canadian and U.S. interest rates have been closing. It was 5.5 per cent last year. It is about 2.5 per cent now. It is also a fact that Canadians are out-saving Americans on a two-to-one basis.

Canadian corporate profits reached their bottom, I hope, in the first quarter of this year when they were $8.6 billion. In the third quarter they have come up to $13.1 billion. I merely introduce that fact as evidence of progress, not as a figure with which to be satisfied.

The deficit requires some review. In 1984 the deficit was $38.3 billion, of which no less than $16 billion was required to pay for what I call groceries, the ongoing normal operating expenses of a government. In 1991 the deficit is estimated to be $30.5 billion, although I expect it to come in a little higher than that. But in this case there is a $13 billion surplus on the program account. In other words, there are no funds in that deficit needed to pay for the groceries, as there were in 1984. There has been a switch of some $30 billion on the right side. I think that is a satisfactory fact for us to reflect upon, as it indicates progress. However, none of us will be satisfied with that as a target.

Budget deficit comparisons between Canada and the United States are interesting because, on the basis of the comparable unified budget balance of the two countries, the U.S. budget deficit is a larger proportion of their gross national product than ours is of our gross domestic product. It is 5.7 per cent in the United States as compared to 3.5 per cent in Canada.

Federal spending programs are part of this mix. The fact is that before one takes into account the cost of paying the interest bill of the deficit every year, from 1984 to 1990 the average increase in program spending has been 3.7 per cent. I do not think there is a country in the western world that can offer a similar figure. In fact, I would be surprised if many, if any, provinces of Canada can say the same. So we see that there has been a very rigorous control and restraint on the regular programs spending of government.

While I am on the topic, perhaps I should offer some comparisons with respect to tax burden, because that is a matter which concerns Canadians, particularly those who live close to the border. According to the OECD, the three levels of

government in Canada produced a tax burden of 34 per cent of the gross domestic product. In the G-7, only the United States and Japan have a lower figure. In fact, the Canadian tax represents a figure of 4.2 per cent over that recorded in the United States. However, when I make that statement I remind myself that we tax for medicare. The United States medicare cost is 12 per cent of their gross national product. If those costs were all run through the tax system, as they are in Canada, the 4.2 per cent tax advantage now recorded in their favour might very well disappear. I think it would disappear.

Yet, and I do not burke this fact, the gravest economic problems face Canadians. First, we are in the midst of a recession that not only still affects our country but is worldwide. We see it in the United States and there does not seem to be any evidence that Europe and Japan will escape the kinds of problems that we have here. Far too many Canadians are tragically not working, and the personal tragedy of unemployment that that involves can scarcely be imagined by anyone who has not experienced it.

We know that business profits are poor so we see that business investment is largely on hold. We see that Canadians are not spending, they are not borrowing, they are paying down their debt. Every time we open the paper we see evidence of new bankruptcies, and that has been referred to this afternoon.

What has become of what John Maynard Keynes described as "entrepreneurial animal spirits" when the psychological attitude of the people of the nation, I think, can safely be described as having seldom been lower. No matter what upbeat statistics I might be able to recite to the house on certain aspects of this matter, this is a problem which ought to have our first consideration.

When I look at this question I ask myself, as I guess we all do, "what to do". I have a few suggestions on that point. First, we should persuade the Governor of the Bank of Canada, as my friend who just spoke indicated, to declare "victory". We should persuade him to declare that the fight for inflation has been won, that it is well and truly won, and that he can think of other problems to solve. We can point out to him that the inflation villains in the past little while have been government taxes at all levels. They have been the effect of administered prices of various kinds. I do not know what he thinks he can do about those particular factors with inflation.

Right now, having digested those humps in the inflationary cycle, we do not see rising prices in this country today that threaten inflation. We do not see rising wages to any great extent now, although they have been very serious. We do not see demand pressures pushing up the inflationary rate in Canada. We do not see commodity input prices being too high. They are falling, not rising. So the problem in Canada today, no matter what it has been in the past, is not one of inflation but of deflation.

Deflation is our problem. This was referred to by the gentleman who has just spoken. If you look at the record of commodity prices of crude oil, mineral products, forest products and wheat, all those things that enter so largely into our national economy, those prices are, all in all, the lowest they have been in the last five years. So we have a severe deflation in commodity prices, with all that that means to the farmers of my part of the country, to say nothing of the rest of Canada.

We have something more than that. We have a fierce deflation in company balance sheet and in asset valuations. Every day in the paper we see the effect of the deflation of asset values like real estate, the effect of too much debt, and matters of that sort. We see how deflation is eroding income and profits and is pushing the economy down, not only in the commodity sector but in capital assets which are now being written down on the balance sheets of so many companies.

What to do? It seems to me that the desirable policy is very easy to state and very hard to implement. It is, namely, that we need a strong dose of fiscal and monetary stimulus in this country as soon as possible. When we look at the situation of the federal government it has to be said, in all fairness, that the room for federal fiscal stimulus is indeed limited. We do not need a bigger deficit; it is big enough. We want to try to persuade the federal government and, I emphasize, the provincial governments, that this is no time for them to increase taxes further. But I suggest that there must be some room in the economic policies of governments to encourage workers and business, even if it is only on the margin.

What do I mean? The other day, truckers in this country received a relatively modest and minor concession in respect of the taxes that affected them, but a concession which will do them some good. I am not sure that it will revive that industry in the way it would be desired, but it certainly will not hurt them. We need to look through the whole of our fiscal, taxation and other such policies and to identify those areas, small as they might really be in the total context of things, to see where the federal government can offer encouragement and a pat on the back to those who are trying to make ends meet these days.

• (1610)

I suggest—and here is where I join company with my honourable friend at the end other end of the room—monetary policy offers more promise than fiscal policy in connection with the problems we face. I agree with him that a lower Canadian dollar could speed up recovery. The Bank of Canada says that it does not, and cannot, set the value of the Canadian dollar. Maybe so, but what it can do is influence the value of the Canadian dollar. To take a phrase from Shakespeare, if I may, "By indirection, find direction out." In other words, you do not have to tackle the problem head on; there are other ways of dealing with this matter.

A year ago, the G-7 was looking for a way to devalue the American dollar. Do honourble senators remember that? They have devalued the American dollar all right, and it was done by all the central banks in that constellation of nations. If their influence could deal with the question of the value of the American dollar, how more likely is it that they could do something with respect to a relatively minor currency like the Canadian dollar?

Hon. Royce Frith (Leader of the Opposition): Would it be in their interests to do so, though?

Senator Roblin: I say that the Bank of Canada is not without some influence in dealing with this matter. I think that the adjuration we had a few minutes ago that they should act on that possibility is well taken.

Senator Frith: Why would the G-7 do that, senator? Would it be in their interests to do it for the Canadian dollar?

Senator Roblin: That is for us to argue, is it not?

Senator Olson: We should persuade them.

Senator Roblin: The Bank of Canada is discrete. It is well known for its caution and prudence, and I am not persuaded that measures encouraged by them would re-ignite inflation or move interest rates higher. The bank, however, is not helpless. A moderate downward pressure on the dollar of the kind indicated would be a sign to Canadian exporters and the Canadian economy as a whole that there is light at the end of the tunnel. If the value of the Canadian dollar were reduced, export sales and profits would certainly revive. The balance of trade, as we have heard today, would certainly improve. The chance of the Free Trade Agreement being more productive than some people think it has been so far would be markedly advanced. The domestic market would be helped. Jobs would grow, and the tax take would grow as well.

Coming back to my opening remarks where I outlined some of the measures already in place, which will help significantly in working for a return to sound growth and prosperity, the basis for sound growth and prosperity having been brought into effect by policies I support, I say now that that is not enough. We have passed beyond that stage. The inflation battle has been won. It is time for us to declare victory, and time for us to see how the Bank of Canada and other financial authorities can move to undergird, improve and enhance the economic prospects of the country. We are not in good shape, and we must take measures to improve the situation.

The first and best initiative we could take under the present circumstances is to work for a lower Canadian dollar. The trade-off, of course, and we hear this *ad nauseam*, is that if you lower the Canadian dollar, you run the risk of more inflation and increasing interest rates. I do not believe that, under the present economic situation in Canada, that is a risk; but, if it is a risk, I am prepared to run it because the advantages that would accrue to jobs, profits and the recovery of the nation would make such an exercise abundantly worthwhile.

Hon. Senators: Hear, hear!

The Hon. the Speaker: If no other senator wishes to speak, this inquiry is now considered debated.

Senator Everett: I had understood that Senator Murray wanted to speak in this debate, and I am wondering if it should be adjourned in his name.

Senator Frith: He certainly would agree with what Senator Roblin has said.

[Senator Roblin.]

Hon. John Lynch-Staunton (Deputy Leader of the Government): I have had no indication that he wishes to speak on this matter.

Hon. H.A. Olson: I support Senator Everett's comment, and I can inform honourable senators that Senator Murray told me directly that he wanted to speak on this debate. I assume, and I do not know if I am right, that Senator Roblin might have been speaking for him. I like what he said. I hope that is the position of the government. Senator Murray did say he wanted to speak to this matter.

Senator Frith: I would like to hear more about what the Bank of Canada will do.

The Hon. the Speaker: Is this matter considered debated?

On motion of Senator Lynch-Staunton, for Senator Murray, debate adjourned.

FISHERIES

WINTER FISHING AT THE ENTRANCE TO THE GULF OF ST. LAWRENCE—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Simard, calling the attention of the Senate to a matter of concern for our fellow citizens of the Atlantic Provinces, namely winter fishing at the mouth of the Gulf of St. Lawrence.—(*Honourable Senator Thériault*).

Hon. Royce Frith (Leader of the Opposition): I was asked to stand this Inquiry. In doing so, may I point out that at page 751 of *Debates of the Senate*, I made an impertinent comment, in the true sense of the word "impertinent"; that is, a bit cheeky and not directly pertinent. If the comment is to remain on the record, I might as well get it right. I am reported to have said at the end of Senator Simard's eloquent and persuasive intervention, and I quote:

> You have completely talked me out of any compassion I ever had for anyone fishing at the mouth of the Gulf of St. Lawrence.

I must learn to articulate and speak more clearly to the back of the hall, or I will get no more roles at the Ottawa Little Theatre. I wanted to say, "You have completely talked me out of any passion I may ever have had for winter fishing at the mouth of the Gulf of St. Lawrence."

Hon. Jean-Maurice Simard: Explanation accepted.

Order stands.

VIOLENCE AGAINST WOMEN IN CANADIAN SOCIETY

ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith, calling the attention of the Senate to the violence against women in Canadian society and the

desirability of investigation of the subject by a Senate Committee.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): I make my usual complaint about the ticking clock.

Order stands.

FOREIGN AFFAIRS

PROPOSED CANADIAN AID TO SOVIET UNION AND CURRENT CONSTITUENT REPUBLICS—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to proposed Canadian aid to the Soviet Union and its current constituent Republics.—(*Honourable Senator Olson, P.C.*).

Hon. H.A. Olson: Honourable senators, I will be brief, but this issue is so topical that I do not believe I should pass up an opportunity to say a few words about it today.

I wish to acknowledge that on October 29, Senator Murray and I had a discussion about this matter; that is, Canadian aid to the Soviet Union during this winter. I appreciate the response given by Senator Murray at that time. However, certain things have happened that have exacerbated this situation with respect to shortages of food supplies in many parts of the Soviet Union. Indeed, I can say that Senator Murray, at the end of the discussion we had on October 29, did give an undertaking at page 505 of the *Debates of the Senate* that he would bring back a more detailed response to the matter I raised.

● (1620)

To put this matter in perspective, honourable senators, I put down this inquiry the first day we returned after the summer recess, I believe on September 16 or thereabouts. Senator Barootes and I had been with the Canada-European parliamentary group to Turkey and to several parts of the Soviet Union. While we were there, we were told that they would not have any difficulties during the summer season because there were kitchen gardens and various other things. Even though the economy was in very bad shape and the infrastructure for processing and distributing food and other consumer supplies was in very bad shape—in fact it was disintegrating— they did not expect to have any difficulty until the winter season, because at that time the local food production was adequate even for large cities such as Moscow.

I was concerned, and perhaps Senator Barootes may also speak on this, that we needed to take some action then to ensure that there were increased supplies of basic food requirements such as wheat, flour, and many other things, and that some action should be taken in September to see that it was available. There are two reasons: one is the political and military instability that would come as a result of people being hungry. That is serious enough. I think that the Canadian people would want to help out in this situation simply from a humanitarian base because of the massive and enormous changes that have taken place in that country over the past year or so, particularly in the last six months.

I have to acknowledge that there has been some change in the Canadian government's attitude that I salute. I agree with it. I was very disappointed when Mr. Gorbachev came to London to plead his cause at a meeting of the G-7 that was going on in the latter part of August, and he was turned down. I thought that was sad and inhumane and I was even more disgusted when I heard the reason. The reason was that they were not satisfied that the republics—since the Soviet Union was coming apart—would take on the obligation of paying the $65 billion or $68 billion in foreign debt that the Soviet Union owed mostly to the G-7 nations.

Honourable senators, that is the wrong reason, and Canada should not have supported that reason. This is a situation involving nearly 300 million people. Also, some parts of that country are in charge of 27,000 nuclear weapons of various types, such as ballistic weapons and other things, and surely it is in our own interest to ensure that the changes taking place could proceed without having riots and other political instability that would flow from starvation of those people. I am sorry to say that that has happened.

However, since then—and this is why I feel somewhat better about the situation insofar as Canada's participation is concerned—the Prime Minister, when he was at Stanford University, acknowledged that we needed to throw them a lifeline now. I know that most of the Canadian people would support that view and I acknowledged that a few days ago.

Honourable senators, the reality of what we predicted and what a number of people in Moscow and in Leningrad—now St. Petersburg—told Senator Barootes and I is catching up to us. Inflation on food and other consumer supplies has been so severe that people in outlying areas will no longer bring food into Moscow to exchange it for rubles. I suppose some are still doing so, but if members of collective farms and those in outlying regions are to bring in wheat, meat, vegetables and other things, they do not want rubles. They want some type of barter exchange in order that they can get something useful. They do not want rubles to take home and watch them deteriorate in value so rapidly that they cannot get access to some of the things that they need from the few factories and other businesses that are still operating in the big cities.

As a matter of fact, when Senator Barootes and I were in St. Petersburg we had a meeting with the mayor of St. Petersburg in the city council chambers. He is a very loyal Gorbachev supporter. He said a few days ago that a military coup would now have the support of the people because they are so concerned about having security of supply for food and other consumer goods. There are many other quotations that I could cite about how serious that situation is.

Canada has come a long way since the G-7 meeting that took place in London. I hope that there will be no consideration given to who is to pay the bills for some of this food that we have in surplus supply in Canada, in fact all over North America. If they need it and we can get it to them—and I

know we can if we try—we should ensure that it goes there so that we do not run the risk of very serious political instability that could lead to what the mayor of St. Petersburg is now saying about the current situation.

Canada should lead. Senator Murray, Leader of the Government in this chamber, said that he would bring back a much more detailed response to the question that I raised as to what Canada is doing. I encourage him to do that.

As a matter of fact, only yesterday the Prime Minister of Canada has again praised the President of the Soviet Union, Mr. Gorbachev. He stated that there is speculation of an ouster apparently in the making, or in the news. The Prime Minister said that Mr. Gorbachev is a remarkable asset and we should make sure that he stays in place because the risk of severe instability would be worse if he is supplanted or replaced or made redundant because of the other structures that are being set up with respect to the new Commonwealth of three of the major republics.

I understand that the Right Hon. Mr. Mulroney sent a message to Mr. Gorbachev three days ago offering to be "helpful" by continuing to send food shipments to the Soviet Union this winter. I appreciate that. I think that is the right attitude. However, I am not aware of any indication that they intend to do it in a magnitude sufficient to meet the situation. I have not heard that the Minister of External Affairs and the Prime Minister are trying to encourage the same response from other nations who have some surpluses of food that are so desperately needed in the large cities such as St. Petersburg and Moscow and a number of others. I say that because I think that should be done.

● (1630)

I do not think that anyone should hold back due to some consideration of who will pay the old debt and debt service charges that were owed by the Soviet Union. I think that should never be considered. When we had to do things in the Gulf situation that cost Canada something like $690 million, there was no consideration for that kind of thing at all. It needed to be done, or at least the government felt it needed to be done, and the announcement was made and the ships were sent. As a matter of fact, Parliament was not even in session when all of that transpired.

The decision by Russia, Byelorussia and Ukraine to form a new commonwealth included some positive signs, Canada says, but Canada has a very serious concern about political and military instability, Mr. Mulroney told the House of Commons the day before yesterday.

I just want to conclude my remarks here by giving the government and the Prime Minister credit for the change that has taken place since they refused to respond to Mr. Gorbachev's plea last August, but there is more to do. I think Canada can play a very important role in making sure the situation over there that grows more dangerous by the day is kept in check. If we can do it with some consumer goods, surely that is a whole lot less expensive than what the consequences would be if we do not help.

[Senator Olson.]

Hon. Pat Carney: Is there still time under the rules to ask my colleague Senator Olson some questions?

Senator Olson: You have 15 minutes like everyone else.

Senator Carney: I want to ask you some questions.

Senator Olson: By all means, do so.

Senator Carney: The question I have to ask is one that I have asked you before, Senator Olson. This subject is very much on our minds. We are very interested in the experience that you bring to this matter. The question I asked earlier dealt with the problem of infrastructure. The difficulty of trying to deliver aid is the inability of the former Soviet Union to actually move the goods to where the need is. Have you been able to reflect on how this problem might be overcome?

Secondly, in terms of barter, I know that when I was Minister of Trade there was genuine interest in bartering with Russia. Have you any suggestions on what bartered goods might be utilized?

Further, based on your experience, have you thought of communicating directly with the Secretary of State for External Affairs? The officials will be very familiar with the situation but may not have your practical experience in knowing how or what would be useful at this point in time.

Senator Olson: First of all, let me say that when I used the term "barter", I used it in the context where it was not barter between the nations, although there may be some useful avenue that can be pursued there as well. What I was talking about is that the Soviet citizens themselves are now unwilling to trade goods for rubles, and therefore all that is left for them is barter. For example, if farmers in the regions surrounding Moscow were to bring food into Moscow, in exchange they would want some of the things that they need, such as building supplies, instead of taking rubles, which are deteriorating in value so rapidly. I have to say I do not know whether there is any interest now in barter for whatever reason between the Soviet Union and Canada.

As far as infrastructure is concerned, there are what we would consider horrendous inefficiencies in the transportation, processing and distribution of food supplies in the Soviet Union. There is no doubt about that. One of the reasons, of course, is very simple. They have outlawed the Communist Party now in Russia and in Byelorussia. Prior to that happening, the Communist Party was, in fact, managing most of that system throughout the entire country, of course. The whole structure falls apart. I understand that. I am not trying to play down the problems that are involved here, because obviously they have to have transportation. For instance, if you are making bread, you have to have flour mills that are running on a large scale, and all the rest of the things that go into that process.

What I think Canada can do, and ought to do and certainly should encourage the other G-7 nations to do, is assure the Soviet Union that these supplies, as much as they can handle, will be delivered to a port position, whether that is at St. Petersburg or the ports along the Black Sea or wherever. There is then no question that they cannot order these things

in and take them. We will worry later about the bookkeeping and the paying for it. They could use these goods in such a fashion that all of their system would be utilized to the maximum.

In addition to that, I would suggest that we in North America particularly have some expertise in setting up distribution systems or transportation systems that might be useful to them. I expect that they do not even have enough highway trucks and that sort of thing at the present time, so I think we could be helpful in that area as well.

Honourble senators, I have not been back to the Soviet Union since then, but we did spend quite a lot of time particularly around the two big cities that I mentioned. There are some very practical things that we take for granted here in North America that could now be helpful to the people of the Soviet Union because of the collapse of the communist-dominated structure that had existed there before.

Senator Carney: Why not convey your experience? You are a farmer. You are a former Minister of Agriculture. You have been to Russia recently. Have you thought of submitting to the minister some concrete suggestions on how this could be done? I am sure she would very much appreciate input at this time.

Senator Olson: I would be very glad to do that. I thought I tried to do that on October 29 and again today. In order to give some advice on the practical applications of the services that would be necessary, obviously you need to have some expertise on the ground and to see what is missing in Odessa and in St. Petersburg and all the other places. Then we do what we can and get what help we can from the G-7 nations to replace and augment the efficiency of what is there.

On motion of Senator Bosa, debate adjourned.

● (1640)

CANADIAN NATIONAL RAILWAYS

STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS AUTHORIZED TO INQUIRE INTO DECISION TO SELL RAIL LINE

Hon. B. Alisdair Graham, pursuant to notice of Tuesday, December 10, 1991, moved:

> That the Standing Senate Committee on Transport and Communications be empowered to inquire into and report upon the decision of Canadian National Railways to sell the main railway line between Truro and Sydney, Nova Scotia; and
>
> That the Committee present its Report no later than April 14, 1992.

He said: Honourable senators, perhaps I could say a few words at this time. I know that Senator MacDonald, the Chairman of the Standing Senate Committee on Transport and Communications, would also like to participate, however briefly.

When I introduced this motion on December 9, I pointed out that the Truro-Sydney railway line is an active, living presence in Nova Scotia and that it is integral to the economic life and future development of that region. We were assured by Senator MacDonald that a private operator could, in the likelihood of its sale, operate the line efficiently. Senator MacDonald told us that an effective entrepreneurial management would, "give a marginal line... one last chance of survival before abandonment occurs." CN, we were assured, would sell the railway to a buyer interested in establishing a viable feeder line, interested in protecting the rights of the workers, and so on. There are those of un even in this chamber, who might feel that those assumptions might be just a bit optimistic.

Honourable senators, this whole question of choice, placed in the hands of Canada's largest crown corporation, a corporation which Senator MacDonald has very astutely observed to be interested entirely in the operation of its main line, is not just about buyers and sellers. The Truro-Sydney line is absolutely vital to our region, to our local shippers, and as well it serves as the principal barrier to serious congestion and safety hazards on our roads.

Therefore we are not merely looking at the question of buyers and sellers. We are looking at the question of buyer and operator responsibilities. That buyer and operator responsibility is not just to the Syscos and the Devcos and the Stora Forest Industries of today, all of whom are shippers of the present to whom the line is a fundamental necessity. As I said when I spoke first on this motion, uncertainty with respect to the future of the line will seriously impair every effort to attract new business to the region.

I am talking here about investor confidence. For this reason, a stable operating presence is absolutely essential. Shippers and potential investors, and indeed ordinary people all over eastern Nova Scotia, are greatly affected by the present uncertainty; an uncertainty which is compounded by the fear of a transitional sale to an entrepreneurial organization whose sense of responsibility to regional interests in our part of the country is still an unknown factor.

As I said in this chamber two days ago, we do not have an adequate railroad/road balance in Nova Scotia, and the situation is deteriorating. This is not an area where the market alone can serve as a regulator.

Maritimers were subjected to deadly catch phrases like "railway rationalization" at the beginning of this century. We lost a great deal as a result. The greatest loss was felt by our people. The lesson we have learned is that our future equity in Confederation depends on eternal vigilance. The future will not wait on chance; the future will not be constructed on the underpinnings of luck and circumstances. The future must not be played out like a game of Russian roulette.

With regard to the sale of the Truro-Sydney line, it is clear that the government must play a pivotal role in the preservation and protection of the interests of the people. Our Canadian association must never be managed by principles of disinterest or casual divestment. Governments must undertake the complex bargaining needed to unequivocally protect and preserve our unique regional compact.

I have already had what I consider to be beneficial discussions on this matter with Senator MacDonald, Chairman of the Standing Senate Committee on Transport and Communications. I would hope that if the Senate gives approval to this motion the committee would see fit to invite as witnesses a representative group of successful shortline operators, CN, federal and Nova Scotia transport officials, and a representative group from both the shippers and the communities involved. I view this issue to be not only timely but urgent and appropriate for the Senate, and I commend it for favorable consideration by all honourable senators.

Hon. Finlay MacDonald: Honourable senators, I intend to support the motion by Senator Graham as a result of conversations we had and to clarify certain points that arose during our discussion last Monday. I notice that the wording of his inquiry is somewhat different than the wording of the motion. The wording of the motion restricts the inquiry to an examination of the line between Truro and Sydney, Nova Scotia, although I acknowledge that we will not necessarily be restricted because, in the course of committee hearings, questions will be raised with respect to other areas of Canada where there might be a line that is a candidate for abandonment.

There is no question that Senator Graham did bring up as we spoke, and I have read his presentation of last Monday, the fact that there is a problem with regional economic expansion. There seems to be something falling between two stools here. Senator Stewart drew my attention to a quotation by Senator Graham last week with respect to the comments by the author, Mr. Ernest R. Forbes, who draws a remarkable similarity between the present situation and the time when there was a dramatic decline in manufacturing industries in Nova Scotia as a result of the arrival, if you will, of the CNR or the taking over of the Intercolonial by the CNR at that particular time. The honourable senator has raised some very good points which cannot be overlooked. That is why I welcome and congratulate him on initiating this inquiry and this reference.

As well, of course, there is no question that the shippers must be heard. The honourable senator will recall the fears that I expressed and I will not go over them again. The only thing I wish to apologize for is the facetiousness with which I referred to Senator Graham's remarks with regard to symbolism. As Senator Graham now knows, in 1893 my father was the first station master at Point Tupper. He worked for the railroad to save money to go to law school. I spent my fourth, fifth, and sixth birthdays in the dining car of the train on that particular line, going from Sydney to Ottawa when my father was the Member of Parliament for Cape Breton South, and they were the happiest birthdays I ever spent in my life.

Therefore, I join Senator Graham in talking about the symbolism of this railroad and understanding the fear and apprehension of the people of that area. I hope that this committee will get down to looking at the facts in order to give the people of that part of the world, not false expectations, but some positive evidence that that line will not only survive but will improve in the future. So with those remarks, I congratulate Senator Graham. I certainly will vote in favour of his motion.

Hon. John B. Stewart: Honourable senators, may I ask Senator MacDonald a question? He has spoken, I think, very effectively in favour of Senator Graham's motion. It seems to me that there is one additional point that needs to be made. It is that this line of railway, originally called the Eastern Extension of the Intercolonial, not only serves the people of Pictou County, Antigonish County and, of course, all of Cape Breton and Guysborough Counties, but it is the line of railway which serves the people of Newfoundland, insofar as railway services are concerned.

• (1650)

I hope that when the committee selects its witnesses it does not neglect the interests of shippers in Canada's most eastern province.

Hon. John Buchanan: Honourable senators, it would be remiss on my part if I were not to say something about the inquiry raised by Senator Graham.

First, I definitely support the inquiry, and I have told Senator Graham that. For many years I have been an opponent of CN closures in Nova Scotia and in the Atlantic area generally. We fought, sometimes with success and other times without, against having branch lines abandoned. However, through the years in western Nova Scotia there have been closures in the Annapolis Valley, western Nova Scotia and the South Shore. We witnessed the abandonment of VIA Rail in those areas, as well as from Truro to Cape Breton. We fought all these closures to a point at which we considered going to court over the VIA closures, but decided against it.

I think history will record that we were probably right in fighting the abandonment of all those lines. Nevertheless, some of those lines definitely should not have been closed. I refer specifically—and I think Senator Graham would agree with this—to the abandonment of the Truro to Sydney VIA Rail line. That is a closure that should not have occurred.

We are now at a point at which CN is saying that it is not abandoning the line from Truro to Cape Breton, but putting it up for sale. That is certainly just the first step towards an abandonment, as far as I am concerned.

Psychologically, it is the wrong time even for CN to be considering such a measure. It is a time when we are in a recession and when unemployment is higher in that part of Nova Scotia than in any other part of the province. It is a time when we are witnessing difficulties in the steel industry. We are having difficulties in attracting new industries. We are watching some companies and industries go out of business, something we have done over the last few years. It is the wrong time for CN even to be talking about selling its line from Truro to Sydney.

Psychologically, it will do great damage to investor confidence in that area, particularly Cape Breton, especially when investors see that Canada's national railway company appears to be giving up that part of Nova Scotia. There is no doubt in my mind, and I have spoken to many down there, including the

mayors and the wardens of the area, who have confirmed that this will be a psychological blow to the confidence of people in the area. It will also be a blow to Pictou County and the Antigonish areas. There is no question about it.

If we go back over the years and consider the reasons for a national rail line, particularly those parts of the national rail line in the Atlantic provinces, we see that they were not set up for profit. They were set up as tools for economic development for this country. They were specifically set up in the Atlantic region as a tool for economic development. That was recognized for many, many years.

Perhaps Senator Stewart remembers the name of a commission back in the 1920s that looked into this matter. I should remember the name because I researched it myself. However, there is no question that the findings of that commission report were that the old Intercolonial railroad was set up as a tool for economic development, and any deficiency in terms of the cost of transportation of goods would be borne by the Dominion. Those words were practically set in stone at the time.

There is no question in my mind what should be done now. The proposed sale of this section of the railroad should be abandoned by CN. There should be no talk of it. Perhaps at some time in the future, when the economy is better, when new industries are starting and industry is thriving, CN can look into the matter again. But right now, in an economic and psychological sense, it is the wrong time to do it. Such a move will not encourage new investment, and could hasten investment coming out of the area.

I congratulate Senator Graham, and I support his motion.

Some Hon. Senators: Hear, hear!

Senator MacDonald: I just want to say to Senator Stewart that I take his point and we will look into it.

I have to say that I disagree with Senator Buchanan. If I were not so optimistic about the future of this line under private hands, I do not think I would be anxious to take on this inquiry. This is not a precursor to abandonment. It spells a whole new life for this line. Indeed, the sale of the line may take place before we have a chance to have committee hearings. Therefore, we have to apply ourselves to a whole new dimension and a whole new set of circumstances.

Senator Graham: Honourable senators—

The Hon. the Speaker: If Senator Graham speaks now, his speech will have the effect of closing the debate.

Senator Graham: Honourable senators, I have just a few words to say.

I should point out that if Senator MacDonald spent his fourth, fifth and sixth birthdays on the train, that was in 1927, 1928 and 1929. He was obviously travelling with his father, to and from Ottawa. His father was the distinguished Member of Parliament for Cape Breton South between 1925 and 1935.

When Senator MacDonald was sworn into the Senate, he had a dinner party that evening. He was kind enough to invite me as one of his guests. Senator MacDonald's younger brother, Dr. Cameron MacDonald, was in attendance, and he reminisced about their long-lost youth. He told the story about when they were in the backyard playing together, very close to their father's big car, a Hup mobile. Cameron told us about Finlay taking a hammer in his hands and driving a big spike right through one of the tires.

Hon. Senators: Shame, shame!

Senator Graham: They heard their father coming around the corner, and Finlay handed the hammer over, putting it right into Dr. Cameron's hand.

I thought of that story when Senator MacDonald was speaking on this motion and when he referred to one of the potential buyers, Rail Tex Corporation of San Antonio, Texas. When he was eulogizing the chairman of that corporation, he talked about him receiving the Golden Spike Award!

I thank Senator MacDonald and other honourable senators for their cooperation. I congratulate Senator MacDonald as chairman of the committee for continuing to hold the hammer in his hand.

Hon. Senators: Hear, hear!

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

Motion agreed to.

CANADIAN CITIZENSHIP

STANDING SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY AUTHORIZED TO MAKE STUDY

Hon. Noel A. Kinsella, moved, pursuant to notice of Tuesday, December 10, 1991:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the concept, development and promotion of Canadian citizenship; and
>
> That the Committee present its final report no later than December 31, 1991.

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

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Wednesday, December 11, 1991

PAGE

SENATORS' STATEMENTS

Canada
Commemoration of Proclamation of Independence. Senator Macquarrie ... 753

The Economy
Meeting of Atlantic Premiers. Senator Bonnell ... 753

Appropriation Bill No. 3, 1991-92
Bill received from Commons and read first time ... 753

Social Affairs, Science and Technology
Notice of Motion to Increase Membership of Committee. Senator David ... 754

Goods and Service Tax
Presentation of Petitions. Senator Frith ... 754
Senator Hébert ... 754
Senator Marchand ... 754

Veterans Affairs
Presentation of Petitions. Senator Marshall ... 754

Legal and Constitutional Affairs
Committee Authorized to Meet During Sitting of Senate. Senator Nurgitz ... 754
Senator Frith ... 754
Senator Molgat ... 754

QUESTION PERIOD

Answer to Order Paper Questions
Quebec Flag—Broadcasting of Brockville Incident. Senator Lynch-Staunton ... 755
Senator Molgat ... 755
Senator Frith ... 755
Senator LeBlanc *(Beauséjour)* ... 756

Canada Pension Plan
Family Allowance Act
Old Age Security Act (Bill C-39)
Bill to Amend—Third Reading. Senator Lynch-Staunton ... 756
Senator Marsden ... 756
Senator Frith ... 756
Senator Marshall ... 758

PAGE

Airport Transfer (Miscellaneous Matters) Bill (C-15)
Third Reading—Debate Continued. Senator Robichaud ... 760
Senator Thériault ... 761
Senator De Bané ... 761
Senator Lavoie-Roux ... 761
Senator Corbin ... 761
Senator Frith ... 761
Senator Murray ... 762

Aeronautics Act (C-5)
Bill to Amend—Second Reading. Senator Forrestall ... 762
Senator Grafstein ... 763
Senator Frith ... 764
Senator Lynch-Staunton ... 764
Senator MacDonald ... 764

The Economy
Effects of Government Policy—Debate Continued. Senator Everett ... 764
Senator Roblin ... 766
Senator Frith ... 768
Senator Lynch-Staunton ... 768
Senator Olson ... 768

Fisheries
Winter Fishing at the Entrance of the Gulf of St. Lawrence—Order Stands. Senator Frith ... 768

Violence Against Women in Canadian Society
Order Stands. Senator Frith ... 768

Foreign Affairs
Proposed Canadian Aid to Soviet Union and Current Constituent Republics—Debate Continued. Senator Olson ... 769
Senator Carney ... 770

Canadian National Railways
Standing Senate Committee on Transport and Communications Authorized to Inquire into Decision to Sell Rail Line. Senator Graham ... 771
Senator MacDonald ... 772
Senator Stewart ... 772
Senator Buchanan ... 772

Canadian Citizenship
Standing Senate Committee on Social Affairs, Science and Technology Authorized to Make Study. Senator Kinsella ... 773

THE SENATE

Thursday, December 12, 1991

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

Prayers.

SENATORS' STATEMENTS

THE STANDING SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

LETTERS TO MINISTER OF JUSTICE ON GUN CONTROL LEGISLATION

Hon. Nathan Nurgitz: Honourable senators, today in my capacity as Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, I am delivering a letter in both official languages to the Minister of Justice. We thank her and her officials for appearing with respect to the gun control legislation. The letter goes on to say:

> The decision to report Bill C-17 back without comment was not, however, without controversy. Various members of the Committee, from both parties, wished to see the Report incorporate a statement as to how the Bill could be improved.
>
> However, Committee members agreed that it would make a strong symbolic statement about the sad events of 6 December 1989 if Bill C-17 were to become law in time for the second anniversary of the Polytechnique tragedy. Since it was not possible to complete a Report incorporating the Committee's various concerns with Bill C-17 by that date, I would like to convey them to you by this letter. I am sure that, under the circumstances, you will give them as much weight as if they had formed part of the formal Report.
>
> As Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, and on behalf of my colleagues on that Committee, I would urge you to take the following steps towards ensuring that the use of firearms in Canada is as safe as possible, and that no further lives are unnecessarily lost:
>
> 1. Ensure that officials have all the necessary resources to expedite the drafting of regulations and the speedy implementation of Bill C-17;
>
> 2. Ensure that officials give the greatest possible attention to the three areas consistently mentioned by the witnesses before our committee:
>
> * development of a firearms registration policy;
>
> * regulations ensuring better control over safe storage; and
>
> * the implementation of better training procedures.
>
> On the first point, there was a general consensus that Bill C-17, with the accompanying regulations, must be implemented as expeditiously as possible. I realize you have already made such a commitment, and your officials testified that they would be working through the Christmas season to try to ensure that an initial regulatory package will be ready for the return of Parliament in early February. The Committee would, therefore, encourage you to ensure that your officials have all necessary resources to accomplish the job as quickly as possible. In addition, we urge that you give priority to the programs necessary for the effective implementation of Bill C-17, such as educating Crown attorneys, police officers and others on the use of prohibition orders in bail and peace bond proceedings.
>
> Second, we wish to reinforce the message delivered to the Committee that effective gun control can always be improved. Towards the close of the hearings, one Senator summed up the testimony of witnesses wishing stronger gun control as follows: better information through firearms registration, better control over safe storage and better training for firearms users.
>
> Our Committee recognizes that not all social problems can be solved by more legislation. There are competing interests, and the citizens being regulated often feel the restraints to be unnecessary or overly harsh. However, we feel that improvements in the three areas mentioned (firearms registration, safe storage, and training) would not place an unfair burden on firearms' owners or users. In fact, these are areas in which further regulation would only bring gun control into line with how we handle other dangerous implements, whether automobiles or toxic chemicals.
>
> Registering automobiles, for example, does not stop automobile accidents, or the criminally negligent use of automobiles, or the theft of automobiles for the commission of crimes. It does, however, help to control such conduct, in part by making it clear that it will be easier to trace those responsible. As the Association des Étudiants de Polytechnique said on the issue of registration—

The Hon. the Speaker: Senator Nurgitz, I must interrupt you—

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We give leave for the honourable senator to continue.

Senator Nurgitz: Thank you. I will continue with the letter.

> "As you know, most gun-related deaths are not created by career criminals but by people who know each other . . . We believe you cannot control something about which you

have no information." Registration would also encourage firearms users to comply with future safe storage regulations.

Safe storage of firearms is a necessary precaution to ensure that third parties, who are not fully aware of the dangers involved in firearms use, cannot harm themselves or others. We regulate the safe storage of toxic materials which may be less lethal than firearms, and we would urge that you give safe storage regulations priority. Additionally, safe storage regulations would discourage the theft of weapons by unstable or anti-social personalities. At present, as one witness testified, even "current police procedures for safe storage of a gun at an officer's home do not protect it from theft or from unauthorized family use. This is the area that the statistics show most deaths come from."

Similarly, training should be required for the use of any potentially lethal objects. We do not let individuals get behind the wheel of a car on public lands without proving their competency, and their seems no reason to treat firearms use more lightly. We know that you have declared your resolve to implement the training provisions in Bill C-17. We would only add our conviction that they must be implemented without delay to prevent unnecessary injuries or deaths.

Concerns were also expressed about continued access to semi-automatic firearms. We suggest that the Canadian Advisory Council on Firearms should be asked to consider the appropriate uses of semi-automatic firearms, and that you should consider putting on the restricted list all semi-automatics which are not suitable for hunting.

Finally, we would urge you to take quick action on the continuing importation into Canada of military and paramilitary firearms.

The Committee thanks you for your courtesy in appearing before us, as well as for the serious consideration we are sure these concerns will receive.

Hon. Senators: Hear, hear!

Hon. P. Derek Lewis: Honourable senators, I also would like to draw the attention of senators to another matter arising out of the consideration of Bill C-17, the gun control bill, by the Standing Senate Committee on Legal and Constitutional Affairs.

At the hearings of the committee we heard from Wendy Cukier, who is President of the Coalition for Gun Control. She made a very good presentation. She was asked to provide a short document which would set out some suggestions they might have as far as regulations that they felt might be useful.

Unfortunately, that submission did not come in in time for the committee to consider it before the bill was reported and passed last week. The committee asked, and the chairman, Senator Nurgitz, undertook, to write the Minister of Justice and send along these suggestions.

I would like today to read the letter which Senator Nurgitz has undertaken to write to the Minister of Justice.

It is addressed:

The Honourable Kim Campbell, P.C., Q.C., M.P.
Minister of Justice and Attorney
General of Canada
House of Commons
Ottawa K1A 0A6

Dear Ms. Campbell:

As you know, the Standing Senate Committee on Legal and Constitutional Affairs, which I chair, recently held hearings on Bill C-17, (Gun Control). During those hearings, we asked the Coalition for Gun Control if they could provide us with a short document indicating the areas of regulation which they would consider most urgent or most important.

Although the Coalition responded promptly, my Committee had already reported Bill C-17 back to the Senate by the time we received their document, and it did not form part of the record. Therefore, I would like to draw their submission, which is attached, to your attention by way of this letter.

Sincerely,

THE HONOURABLE NATHAN NURGITZ,
Chairman.

Attached to that letter is the submission, which is very detailed and useful. It is three pages long. It is attached to the letter and will go to the minister, and the department will have the benefit of their suggestions.

Hon. Royce Frith (Leader of the Opposition): Do you plan to have that become part of our record today?

Senator Nurgitz: If I might say, honourable senators, I was concerned because I am not sure there is provision for the tabling of documents at this stage of the proceedings. However, it certainly became part of the record of the committee last night.

Senator Molgat: I think it is always proper, if someone is reading from a text, for another senator to ask that the material be tabled. Therefore, I so ask.

Senator Frith: Honourable senators, I would like to suggest that in this case we do not just table it. I was away when this bill was passed. I congratulate all my colleagues on both sides for the way they handled this bill, the timing of it and its reception by the media, and in particular for the acclamation the Senate received for its role in the passage of this bill.

• (1410)

The letter that has been read by Senator Nurgitz will be a part of the record. I think we should make a special case and ensure that the submission is also a part of the record so that someone following up on Senate activity on gun control has the entire record in *Debates of the Senate* and need not go elsewhere for the documents. I think both the letter and the submission should be in today's *Debates of the Senate* so that

someone who wants to follow up can examine the whole record in one place.

I congratulate the committee on what it has done and on its plan to keep on top of the situation. We should all congratulate the committee for the work it has done up to this point and particularly for what it is doing today in keeping the question alive.

If Senators Nurgitz and Lewis can find a way to give a little extra push to what they did today by way of a press conference or press release, I hope they will do so.

Senator Lewis: I would like to make clear, senators, that this letter has not actually been sent yet. It is a letter which Senator Nurgitz, the chairman, has undertaken to send.

Senator Frith: I understand that. He is sending that letter.

Senator Lewis: The letter and the submission are not in both languages as yet.

Senator Frith: It will be translated if we put it in *Debates of the Senate.*

The Speaker: Is that agreed honourable senators.

Hon. Senators: Agreed.

(*For text of letters, see appendix, p. 794*).

GOODS AND SERVICES TAX

REPORT OF CANADIAN FEDERATION OF INDEPENDENT BUSINESS

Hon. Richard J. Stanbury: Honourable senators, on another matter, the Canadian Federation of Independent Business has recently released a report that will be of particular interest to all members of this chamber.

The report details the results of an extensive study on the impact of the goods and services tax on Canadian business. The study found that the GST has been a tremendous burden on Canadian business with a disproportionate load being placed on the shoulders of small business.

The CFIB conducted a survey of its members six months after the implementation and received 25,362 responses. This was the strongest response ever received from its membership.

The findings of the survey indicated that 70.6 per cent of the responding membership found that the GST had a negative impact on their business. Only 8 per cent believed the effect to be positive. That sounds like the 8 per cent who support the Prime Minister. Another 14.4 per cent found that the GST had no bearing.

The major complaint about the GST expressed by members of the federation was the costs associated with the implementation of the tax for their business. With respect to cost, 85 per cent of survey respondents said that the implementation of the GST had increased their costs. Most respondents suggested that time needed to deal with GST-related matters was a considerable cost to their businesses and, of course, these costs disproportionately affect smaller businesses because the related duties are more likely to be taken by the owner or manager rather than the accounting staff which a larger firm may already employ.

I was particularly interested to find that the majority of the CFIB members involved in the manufacturing industry, the industry which it was said would be helped most by the introduction of the GST, had a negative response to the GST. Only 16.7 per cent of respondents found the effects of the tax to be positive, while 52.1 per cent of the manufacturers were negatively affected.

In a statement on their report the federation concluded that:

> After several months of living with the GST, Canadians can now safely conclude that the GST simply does not work. The government owes this country an apology in the form of rapid policy changes to reduce the enormous and regressive burden of this tax.

Finally, honourable senators, considering that tomorrow, Friday, the 13th of December, is the anniversary of the third reading of Bill C-62, the GST bill, I would ask my colleagues on the other side of this Chamber, as they celebrate their proud victory of that day, to remain mindful of the disaster they have inflicted on the people of Canada through this tax.

Senator Frith: Well said.

Senator Olson: Hang your heads a little.

An Hon. Senator: Shame, shame.

Some Hon. Senators: Oh! Oh!

Senator Murray: What is it that Mr. Chrétien says?

Senator Frith: That is the best thing he can come up with? Maybe he can blame it on Mr. Trudeau, or maybe even Mr. Pearson. Don't talk about your policy. Talk about ours. Never talk about your own policy.

Senator Murray: The policy has changed.

Senator Frith: Maybe he can find fault with something Mr. Saint-Laurent said.

Senator Perrault: What about Mackenzie King?

Senator Frith: Why not? Maybe Sir John A.

Senator Barootes: What about the provincial sales tax? So easy to collect—8, 9, 11 per cent?

Senator Frith: Shout out your penitence; confession is good for the soul.

The Hon. the Speaker: Order, please, honourable senators.

FEDERAL REAL PROPERTY BILL

REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, December 12, 1991

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SEVENTH REPORT

Your Committee, to which was referred the Bill C-3, An Act respecting the acquisition, administration and disposition of real property by the Government of Canada, has, in obedience to the Order of Reference of Thursday, December 5, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Doody, bill placed on Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

INCOME TAX ACT
CANADIAN PENSION PLAN
CULTURAL PROPERTY EXPORT AND IMPORT ACT
INCOME TAX CONVENTIONS INTERPRETATION ACT
TAX COURT OF CANADA ACT
UNEMPLOYMENT INSURANCE ACT
CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION ACT
CANADA-NOVA-SCOTIA OFF-SHORE PETROLEUM RESOURCES ACCORD IMPLEMENTATION ACT (C-18)

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, had the honour to present the following report:

Thursday, December 12, 1991

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FIFTH REPORT

Your Committee, to which was referred the Bill C-18, An Act to amend the Income Tax Act, the Canada Pension Plan, the Cultural Property Export and Import Act, the Income Tax Conventions Interpretation Act, the Tax Court of Canada Act, the Unemployment Insurance Act, the Canada-Newfoundland Act, the Canada-Nova-Scotia Offshore Petroleum Resources Accord Implementation Act and certain related Acts, has, in obedience to the Order of Reference of Monday, December 9, 1991, examined the said Bill and now reports the same without amendment. The minority within the Committee expressed its dissatisfaction with the process regarding the consideration of the Bill at the Committee level.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

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

On motion of Senator Poitras, bill placed on Orders of the Day for third reading at the next sitting of the Senate.

• (1420)

[*English*]

TELESAT CANADA REORGANIZATION AND DIVESTITURE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received with Bill C-38, to provide for the continuance of Telesat Canada under the Canada Business Corporations Act and for the disposal of the shares therein of Her Majesty in right of Canada.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday next, December 16, 1991.

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

MOTION TO AUTHORIZE COMMITTEE TO STUDY POLICY OPTIONS ON CONTROLLING EMISSIONS

Hon. Dan Hays: Honourable senators, I give notice that on Friday next, December 13, 1991, I will move:

THAT the Standing Senate Committee on Energy, the Environment and Natural Resources be authorized to undertake a study of the policy options available to the government to achieve the objective of containing emissions associated with energy production and use in Canada with a view to improving the environment and to make recommendations thereon. Among these options are regulation; the use of economic instruments such as emission charges and taxes, subsidies and tradeable emissions permits; measures to enhance energy efficiency and conservation; and the promotion of energy alternatives.

THAT the committee present its final report no later than November 30, 1992.

QUESTION PERIOD

NATIONAL FINANCE

CONTINUANCE OF MONETARY POLICY—GOVERNMENT POSITION

Hon. H.A. Olson: I have a question for the Leader of the Government in the Senate. Can he give us a complete explanation of what "stay the course" means? The Minister of Finance has been saying that for several weeks; in fact, he said it again yesterday. I wish to know whether that means we will continue with the monetary policy that has led us into the worst depression that Canada has had in 50 years?

Hon. Jean-Maurice Simard: How can you be so partisan just before Christmas?

Senator Olson: I am just stating facts. Does the government really believe that to "stay the course" will bring Canada out of this current economic depression?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my friend is inviting me to make a statement which would take much longer than is normally permitted on an oral question, but perhaps I could give him a few highlights of the government's economic and fiscal policy—

Senator Perrault: Or more like low lights.

Senator Murray: —in which we are persevering because of the excellent results that have been shown. Let me simply mention that the course we set in economic and fiscal policy for this country in 1984 represented quite a change from the policies of our predecessors.

Senator Perrault: It is going straight down now.

Senator Olson: It has gone straight down ever since.

Senator Murray: For example, in the 15 years prior to 1984, program spending by my friends opposite increased by 14 per cent every year for 15 years.

Senator Perrault: Tell us about unemployment.

Senator Murray: During that period of time, the debt in Canada increased by 1,100 per cent. That was a course that had to be changed.

In the last six years, as I have told the honourable senator on many occasions, program spending by the federal government has increased at an average annual rate less than inflation of 3.6 per cent. That represents a change in course which is helping to bring inflation down; which is helping to—

Senator Perrault: You are bringing the country down; that is what you are doing.

Senator Murray: —bring interest rates down, which is creating new investment in the Canadian economy. That is an economic course in which we are persevering.

Let me remind the honourable senator that 10 years ago when he was in office, and partly responsible for economic policy, short-term interest rates were 18.8 per cent.

Senator Olson: For a very short time.

[Senator Hays.]

Senator Murray: Today they are about 7 per cent and declining. That is the course on which we have put Canada and that is the course in which we are persevering with the results that the honourable senator knows.

The honourable senator bitterly fought the Free Trade Agreement. I just want to mention to him that since the Free Trade Agreement was brought in there has been a net inflow of foreign investment in Canada of some $4 billion—

Senator Perrault: And an outflow of jobs.

Senator Murray: For the first time in 15 years there is that type of net investment flowing into Canada creating the new jobs that Canadians need. When we say—and Mr. Mazankowski says—that we intend to "stay the course", that is the course that we are persevering in to the great benefit of Canada and Canadians.

Inflation is dropping, interest rates are falling, the economy is on track for what the International Monetary Fund says will be the strongest economic growth among G-7 countries in 1992. That is what we mean by "staying the course".

Senator Olson: There are more questions. As usual, the minister has displayed his great talent for giving a reply but no answer. He did not even answer the question I asked him.

Does "staying the course" mean that you will continue the monetary policy that has driven bankruptcies in Canada to their highest level?

Hon. Efstathios William Barootes: And in the United States and in Europe and in Australia? Did we cause all that, too?

Senator Olson: There is some noise here. I want to ask the minister seriously—if Senator Barootes can contain himself for a minute—whether or not the government means by "staying the course" that it will continue with the monetary policy that it has been following insofar as interest rates are concerned and the consequent influence that that has on the Canadian dollar?

For example, the minister has said on many occasions that the Canadian dollar can find its own value according to market conditions. Yesterday, because of whatever was happening in the market, the Canadian dollar began to decline and the Bank of Canada intervened to buy significant quantities in order to keep it from dropping. Do you intend to stay on that course, too?

Senator Murray: Honourable senators, the Honourable Senator Olson will have seen the statement by the Governor of the Bank about the reasons for the intervention of the bank on the occasion to which he refers.

The honourable senator talks about monetary policy; it is a large subject. He asked whether we intend to stay the course. He asked what the results have been. Let me give him one statistic: The prime rate today is 8 per cent, the lowest in 18 years. Yes, we intend to stay the course.

• (1430)

Senator Olson: Honourable senators, I want to ask one more question. I wonder if the minister could do a little more

arithmetic. It is true that the bank rate and the prime rate have come down, but the percentage of difference between the Canadian rate and the United States rate has not changed. In fact, it has become worse.

Senator Barootes: It is 2 per cent.

Senator Olson: It is two and a half per cent.

Senator Barootes: It is coming down.

Senator Olson: Foreign capital buying in Canadian dollars or Canadian instruments can now attract about 60 per cent more interest in Canada because of the government's monetary policy. Obviously that will keep the Canadian dollar at an artificially high level in relation to the economic activity that would otherwise support it at whatever level that would be. Most people who study those things think it would be somewhere around $.80 or slightly less. The intervention of the Bank of Canada and its percentage of increase over interest rates in other countries is what is keeping the dollar up and, consequently, keeping our trade statistics in a very bad position because our exporters are having difficulty. Is that what you mean by "stay the course" also?

Senator Perrault: They have had the course!

Senator Murray: Honourable senators, my friend is not well informed as to what has been happening in terms of the spread between U.S. and Canadian interest rates. The fact is that the spread has been narrowing, and has narrowed from 5.5 per cent to 2.5 per cent.

Senator Olson: Not as a percentage.

Senator Murray: I am talking about Canada and U.S. interest rates.

Hon. Jack Austin: Honourable senators, I would like to continue this line of questioning. I think it is a simple truth that when capital costs more money in Canada than it costs our neighbor and our largest competitor, Canadian industry and Canadian consumers will not assist in the construction of the Canadian economy. What is happening with the high level of the Canadian dollar in U.S. dollar terms is, as Senator Olson has said, that Canadian consumers are on strike and they are shopping south of the border where cost advantage is offered to them. It will not be very long before the impact of the current situation in the retailing industry is felt in Canadian manufacturing and in the Canadian natural resources sector.

I suppose that the minister is not aware, to take one industry, of the condition of the B.C. coal industry. The B.C. coal industry has lost, in their estimate, something in the order of $220 million since 1988 as a result of the government's policies with respect to the relationship between the Canadian and U.S. dollars. The B.C. coal industry continues to lose money and if the downturn continues in this same fashion through 1992, I can tell you that the government's policies with respect to inflation management will create a critical structural downsizing in manufacturing, in the primary sector and in retailing in this country. That downsizing is not easily recovered. In fact, it is unlikely to be recovered.

I would ask the minister if the government is considering with the question of stimulating the Canadian economy—one measure being to allow true market action with respect to the Canadian dollar in terms of other currencies—or whether the minister believes that simply by staying the course the Canadian economy can be brought on side?

Senator Murray: Honourable senators, I am astonished that Senator Austin believes that the monetary authorities in this country are not following what he calls a true market approach.

Senator Olson: They are not, because there is an artificial interest rate.

Senator Murray: The fact that the Bank of Canada may intervene from time to time, as it always does, to stabilize the fluctuations that occur because of market conditions does not mean that, essentially, market conditions are not setting the value of the Canadian dollar. Senator Austin has made a speech concerning the coal industry in British Columbia and other matters that would be better made on senatorial statements. Senator Olson asked a question, or referred in the course of a question to our trade and to exports. I have to tell him that exports increased 22.2 per cent in the second quarter of this year. The record is pretty positive in that respect. The honourable senator should study the facts before he makes these doom-and-gloom pronouncements.

● (1440)

Senator Austin: I think in fairness, Senator Murray should also take a look at the performance of Canada's current account balance on the import side and note that the net balance has dropped to a negative balance for the first time in many years. That is an issue of some concern. I am saying to Senator Murray that, with respect to the level of the Canadian dollar, it has been the policy of the Bank of Canada, and that is the information I have from economists with whom I have spoken, to ensure that Canada is able to borrow to meet its debt requirements. That is one of the reasons why the interest rate is the prevailing managed rate in this country. I am sure Senator Murray will deny that and say that it is a true managed rate. If he would like to continue that debate, I think we could have some economists come before our banking committee on the subject. I would be delighted if he would propose a motion to enquire into this matter.

Hon. H.A. Olson: Ordinary people do not believe you, anyway.

THE ECONOMY

EFFECT OF GOVERNMENT POLICIES ON BUSINESS AND EMPLOYMENT

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, it is interesting to listen to Senator Murray give us all these glowing figures. It is unfortunate that the unemployed people in Canada do not have the same view as he, and I think their view is the correct one.

Not too long ago, General Motors announced that they were planning to shut down their plant in Scarborough, Ontario. That Scarborough closing scheduled for 1993 would result in the loss of 2,700 jobs. Then yesterday we get the announcement from GM again that they will now proceed with the shutting down of an Oshawa plant, this one with some 3,700 jobs.

The Minister tells us all about the beauties of the GST and the FTA, and here we have an industry of vital importance to Canada, an industry in which prior to the FTA we had a good understanding with the United States under the Auto Pact. We are now hearing of closing after closing, and unemployed people increasing in numbers every time.

Hon. Lowell Murray (Leader of the Government): Honourable senators, we have had a recession, and during a recession—

Hon. H.A. Olson: Have we ever had a recession. We are still having it, too.

Senator Murray: During a recession, the country loses jobs, as it most emphatically did and to a far greater extent in the recession of the early 1980s. But that is another matter. I think it is an indication of the recovery that we have now recovered more than half of the jobs that were lost during the recession. If you want to look at a longer time frame, since 1984 you will find that almost 1.4 million new jobs have been created since that time in this country under this government, and to some extent thanks to this government's policies and to the course on which we launched the country with respect to economic policy.

Senator Molgat: Could the Minister tell us whether the protection that we previously had under the Auto Pact with the Americans is still in place? It seems to me that what was working very well prior to the FTA is now falling apart.

Senator Murray: Honourable senators, the Canada-U.S. Auto Pact is still very much in force, as the honourable senator knows. I mentioned a few moments ago that exports had increased more than 22 per cent in the second quarter. I can add that automotive exports accounted for more than two-thirds of that increase.

PRIVY COUNCIL OFFICE

INCREASE IN SPENDING—GOVERNMENT POSITION

Hon. Louis-J. Robichaud: Honourable senators, the question I am about to ask the Leader of the Government in the Senate is prompted by a story I read this morning in the *Ottawa Sun*. It is headed:

> The Prime Minister's Office spends $102 million.

A title does not necessarily upset me, but I kept reading.

> Spending in Prime Minister Brian Mulroney's Privy Council Office has ballooned to $102 million from $46 million only two years ago.

I kept reading, but the rest is immaterial.

[Senator Molgat.]

[*Translation*]

Hon. Jean-Marie Simard: Honourable senators, perhaps the honourable Senator could keep on reading. The rest may not be totally immaterial. There is even a reference to certain senators from a party which, by the way, you have supported indirectly during the big debate on the GST.

Senator Robichaud: No, no. There is a whole list, but it is not related to the question I am about to ask the leader of the government. Senator Simard, who talks non-stop, had better be quiet at this time.

Senator Simard: The Liberals have asked me that for years. It is but one of their recommendations that I did not follow and I am none the worse for it.

[*English*]

Senator Robichaud: My civilized question to the Leader of the Government in the Senate is this: Considering the fact that the Privy Council Office is costing the taxpayers of Canada $102 million, and considering the fact that the Senate of Canada is costing the taxpayers of Canada much less than half that amount, would it not be better to abolish the Privy Council Office rather than continue talking about abolishing the Senate?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will not be incited by the honourable senator—

Senator Robichaud: Can we hear the answer, please.

Senator Murray: I should say that I welcome the opportunity to explain that the increase in spending in the Privy Council Office is due in very large measure to the increase in the number of commissions of inquiry that have been established. In 1980-90, the commissions of inquiry activity spent approximately $3 million, while the 1990 expenditures totalled $44.4 million dollars, for a difference of $41.4 million.

In 1989-90, the two major commissions in operation were the Royal Commission on the Future of the Toronto Waterfront and the Commission of Inquiry into Use of Drugs and Banned Substances Intended to Increase Athletic Performance. During 1990-91, in addition to the two previous commissions, there were an additional five commissions in operation, the Commission of Inquiry into the Air Ontario Crash at Dryden, Ontario, the Royal Commission on National Passenger Transportation, the Royal Commission on New Reproductive Technologies, the Royal Commission on Electoral Reform and Party Financing, and the Citizens' Forum on Canada's Future.

● (1450)

POINT OF ORDER

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I rise on a point of order. There is something wrong with the sound system.

The Hon. the Speaker: Excuse me, honourable senators—

Hon. C. William Doody: Could we have some order, please?

The Hon. the Speaker: Honourable senators, according to rule 18, and with the sound system not working properly, we owe a courtesy to the senator who is speaking to listen to him. If there are any meetings being held, the rules clearly state that they must be held outside the chamber. Would honourable senators comply, please?

Some Hon. Senators: Hear, hear!

PRIVY COUNCIL OFFICE

INCREASE IN SPENDING—GOVERNMENT POSITION

Hon. Louis-J. Robichaud: It is not my intention to continue a debate on a question that could be debated for years. However, the answer given by of the Leader of the Government is not the answer to my question.

Senator Simard: It is not the answer that you wanted.

Senator Robichaud: Honourable senators, I will reframe my question. I will state in its preamble that, in my estimation, the Senate is doing an extremely good job for Canada in the current circumstances, and that the Privy Council, which costs us $102 million per year, has led us into recession and has created a divisive Canada such as we have never seen before.

Senator Simard: What is the question?

Senator Robichaud: The Senate is far more useful to Canada than is the Privy Council. Would it not be better for the Prime Minister to abolish the Privy Council rather than to think of abolishing the Senate? That is my question.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government): Honourable senators, Senator Robichaud is one of Canada's most senior and most distinguished Privy Councillors. I am astonished that he would want to abolish his own department.

Senator Olson: We never get invited anymore.

Senator Robichaud: Honourable senators, again, that is not an answer to my question.

Senator Simard: You didn't have a question; you made a statement.

Senator Robichaud: I am asking the Leader of the Senate if it would not be better to save $102 million by abolishing the Privy Council Office rather than by abolishing the Senate.

Senator Murray: Honourable senators, that is not a matter that has been studied in a serious way recently. However, I will accept the honourable senator's suggestion as a representation.

METROPOLITAN TORONTO

UTILIZATION OF VOLUNTEER FOOD BANKS—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. There are statistics, statistics and damnable statistics that must be brought to the attention of every senator, male or female, in this chamber. One statistic is that in Greater Metropolitan Toronto the number of—

The Hon. the Speaker: Honourable senators, we seem to be having technical sound problems. In the meantime, Senator Grafstein, perhaps you could try to speak louder.

Senator Grafstein: I will try, Mr. Speaker.

To repeat my preamble, there are, honourable senators, statistics, statistics and damnable statistics. There is one statistic about which I am confident every member of the Senate, male and female, should be aware. It is a statistic pertaining to the number of people in Toronto who now utilize the good offices of volunteer food banks.

In Toronto, the number of people or families who now use the services of food banks has risen in recent years from a few thousand to 120,000. In the last two years the statistics are something in the order of 40,000 to 120,000. Of that 120,000, at least half are children. Of the 120,000, the large majority is composed of single-parent families headed by women. That means that every week there is not enough food on their tables and they must go to a volunteer food bank.

After listening to the minister reel off all the statistics, we have still not had an answer to the basic question. Why is it that in the City of Toronto in this day and age our governments— federal, provincial and municipal—cannot get together to solve this very deep and profound human crisis? What is the non- statistical answer to this fundamental question?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the non-statistical—

POINT OF ORDER

Hon. Gildas L. Molgat: Honourable senators, I rise on a point of order, as I did a few moments ago. The sound system is not functioning and therefore there is no interpretation. There is something wrong with the system. We cannot continue in this way.

Senator Olson: Adjourn.

Senator Lynch-Staunton: Suspend.

The Hon. the Speaker: Honourable senators, we have an expert technician on the way to repair the system. Is it your wish to suspend, or do you wish to continue?

Senator Lynch-Staunton: Let us suspend to the call of the Chair.

Senator Thériault: We cannot operate without the system.

The Hon. the Speaker: Do honourable senators wish to suspend for 10 minutes?

Hon. Senators: Agreed.

The Hon. the Speaker: We will suspend the sitting for 10 minutes. Before reconvening, we will ring the bell for five minutes.

The Senate adjourned during pleasure.

• (1500)

The sitting of the Senate was resumed.

PRIVY COUNCIL OFFICE

INCREASE IN SPENDING—GOVERNMENT POSITION

Hon. Lowell Murray (Leader of the Government): Honourable senators, when the sitting was interrupted, I had risen to reply to a question asked by Senator Grafstein.

The non-statistical reply that he seeks is simply that we must continue in our efforts as a government to maintain the economic recovery and to promote economic expansion; to continue with the policy which, as I said, has created 1.4 million jobs since 1984.

At the same time, the honourable senator must be aware that this government, even given the straitened financial circumstances, has improved the targeting of many of our social programs. I do remind him that we continue to share with the province of Ontario, and therefore with the municipality, the costs of welfare assistance through the Canada Assistance Plan. That is the short and what he would call the "non-statistical" answer to his question.

Hon. Jerahmiel S. Grafstein: Obviously, honourable senators, it is not enough because the source of these foodstuffs is not public moneys but essentially the private sector. It is there as a super safety net, I guess, because the government welfare systems, combined as they are, are not sufficient. That was really the thrust of my question. In effect, notwithstanding that the welfare system is joined by the federal, provincial and municipal governments, it is still not sufficient to feed 120,000 people every week. So the system obviously is corroded or inept, and that is the point of my question.

Let me go on, honourable senators. We have a new occurrence in Toronto. I have been working out of the same office in Toronto since 1960. I travel two blocks to a parking lot where I park my car. Along that two-block route are a number of heat grates. Most of these heat grates are now occupied by people at night. This is a new occurrence in Toronto for me. We have seen homeless people walking the streets and being taken care of, but we have never seen them reserving specific grates for sleeping at night.

Surely the federal government, in conjunction with the municipal and provincial governments, can move toward alleviating the distress of these people who are homeless and do not have a place to sleep at night. It is a new occurrence. This is not something that happened in 1984, 1983, 1982 or 1981 in Toronto. Today in downtown Toronto, it is now a common occurrence.

I am not ascribing any less beneficial modus to this government than to any other government. Surely the government should take it upon itself to investigate the situation and to see what it can do to alleviate this distress, not only in Toronto but in other metropolitan areas across the country. It is clearly a new problem in terms of its size and sweep in metropolitan Toronto.

[The Hon. the Speaker.]

Senator Murray: Honourable senators, I appreciate the points that the honourable senator is making and the concern that he expresses. He does not want a statistical answer and in any event I do not have the statistics. However, I can assure him that the federal government continues to provide considerable financial assistance to the provision of low income housing in Toronto and elsewhere. That is all I can say on that question for the moment.

[*Translation*]

CANADA PENSION PLAN
FAMILY ALLOWANCES ACT
OLD AGE SECURITY ACT

BILL TO AMEND—THIRD READING—DEBATE CONCLUDED

Resuming debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Grimard, for the third reading of Bill C-39, An Act to amend the Canada Pension Plan, the Family Allowances Act and the Old Age Security Act.

Hon. Thérèse Lavoie-Roux: Honourable senators, I would like to take only a few minutes at third reading stage of bill C-39 to thank my colleagues, senator Bosa particularly who represented officially the Opposition, for their contributions in this matter.

I told them what the priority was with this bill. They all really demonstrated an excellent cooperation to ensure that the bill was going to be adopted et sent to the provinces so that it could be adopted and take effect in next January.

I recognize with the ten other committee members that we really did not have much time and that, on both sides, we would have liked to have more in order to examine it more thoroughly.

I would also like to mention the excellent work done by senator David as president of the Standing Committee on Social Affairs, Science and Technology.

Finally, I would like to thank the officials of the department of National Health and Welfare for their diligent and competent answers to questions which were not always simple, but rather complex, and which were put to them by committee members.

I would like to remind you that this bill contains two main changes. First, it provides for a new contribution rate schedule spread out over 25 years. After consultation with all provinces, this schedule would be extended over five more years.

The second change is the $35 increase affecting the child benefits of disabled or deceased CPP contributors. This will increase the current monthly pension from $113 to $150, if we take into account the increase due to indexation.

The bill also included a number of amendments which have little impact on costs but which, I think, improve the existing provisions. I will not mention them all, but I simply want to

emphasize the measures likely to benefit children and disabled contributors. One amendment will ensure that the benefits of a disabled contributor to the Canada Pension Plan will be converted into orphan's benefit under the Canada Pension Plan without the need to submit an application to that effect.

Another amendment will ensure that child benefits under the Canada Pension Plan will be payable to a child who comes under the custody of a contributor to the Canada Pension Plan after that contributor becomes disabled.

A third change which is relatively important will ensure that eligibility for contributor's benefits will be protected for those who, because of some incapacity, cannot submit their application on time.

I would also like to go back very briefly to some comments made by groups that appeared before the House of Commons committee. I mention these comments because Senator Marsden made reference to them. I believe that she was not here last Thursday during my speech on second reading and she may have inintentional suggested that we basically disregarded all the recommendations made by groups who appeared before the House of Commons committee.

I indicated last Thursday that these three particular concerns had been raised by five different groups and that the Minister of National Health and Welfare had undertaken to initiate discussions with all his provincial counterparts early in the new year. These representations dealt with eligibility for disability benefits when a contributor waits too long to apply. As I indicated earlier, the bill includes a provision that deals partly with this issue.

The representatives of those groups proposed that eligibility for the benefits of Canada Pension Plan contributors will be protected in all cases for those who are unable to submit their application within the prescribed period. I believe the minister is willing to consider the problem.

A second concern, which was raised a number of times, on the Senate Committee on Social Affairs, Science and Technology and in presentations to the House of Commons Committee, was related to the definition of "disability" under the Canada Pension Plan.

As you know, any change in this definition has would bring about a shift in the population targeted by the present provisions, thus fundamentally changing in the current role of the Canada Pension Plan as part of the system of benefits for disabled persons.

A third concern was expressed in the form of a suggestion made in the course of this debate, to provide some protection under the Canada Pension Plan for persons who care for disabled children. The Canada Pension Plan provides that years with low or zero earnings, dedicated to raising children below the age of seven, may be subtracted from the contribution period. Some members of the House of Commons asked, and rightly so, that the provision be expanded to include periods spent caring for disabled children.

I repeat, these are interesting proposals and they will be considered by the minister early next year.

A final concern shared by members of the Senate Committee on Social Affairs Science and Technology was the issue of credit splitting due to divorce.

Senator David has already mentioned one of the committee's conclusions in this respect, a conclusion with which we agree.

My only objection would be that we are actually making a recommendation on the principle of the bill, but perhaps we should take a closer look at the credit splitting process, at who makes use of this process and what the general impact would be.

Finally, Mr. Speaker, we must realize that the requested changes which would undoubtedly be desirable, would entail major amendments to the Canada Pension Plan and require the approval of two-thirds of the provinces representing two-thirds of the population.

So, before saying we want this or that, obviously these additional changes, which may be desirable in many ways, will have to be discussed later on with the provincial governments.

Again, I want to thank all those who contributed . . .

• (1510)

[*English*]

Hon. Royce Frith (Leader of the Oppsition): Order. It is "honourable senators", not "Mr. Speaker".

Senator Lavoie-Roux: May I say two words?

Senator Frith: Yes, but you should address your colleagues as "honourable senators", not "Mr. Speaker", in the Senate.

Senator Lavoie-Roux: It is an old habit. I have not been here long enough to have completely abandoned it.

Senator Frith: And I have developed an equally old habit of correcting people who are afflicted with it.

Senator Lavoie-Roux: Apparently I have behaved poorly. I apologize. I did not want to insult any of my colleagues.

Hon. John Lynch-Staunton: Apology refused.

Senator Frith: Is this a new amendment to the rules?

Senator Lavoie-Roux: In any event, I was about to finish by expressing my thanks to everyone who has given me their collaboration in the discussion and acceptance of Bill C-39 which, among other things, will be beneficial to 170,000 children who are among the poorest in Canada.

[*Translation*]

Mr. Speaker: It is moved by the honourable Senator Lavoie-Roux, seconded by the Honourable Senator Grimard, that the bill be read the third time now.

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

Hon. Paul David: Honourable senators, I move:

> THAT the message to be sent to the House of Commons to inform them that the Senate did adopt Bill C-39—

Mr. Speaker: Senator David, I am sorry to interrupt but first we must complete third reading of the bill.

[*English*]

Senator Frith: Yes, that is quite right, we are at third reading, but the legislation has not yet been passed. The sponsor of the bill has spoken on it. Yesterday we were hoping that both sides could settle on an addendum to the report before we gave it third reading. I believe that is what Senator David is about to do and, of course, we will support him. I understand we have all agreed—

Senator Lynch-Staunton: He wants to do it after third reading.

Senator Frith: That may be so, but I want to hear—

Senator Lynch-Staunton: That is the procedure.

Senator Frith: The addendum to the report can proceed after third reading. However, in view of yesterday's debates, it seems to me appropriate for Senator David to say that consultations did take place, and that he will propose this change to the report. The addendum is, of course, relevant to our support for third reading of the bill. So you should tell us what you intend to do, Senator, and then we will have third reading.

[*Translation*]

Senator David: Thank you, senator Frith. So, I move:

> THAT the Message to be sent to the House of Commons acquainting that House that the Senate have passed the Bill C-39, An Act to amend the Canada Pension Plan, the Family Allowances Act and the Old Age Security Act, contain the following comments:—
>
> Given the complexity of the subject matter of the Bill and the time given for its examination, the Standing Senate Committee on Social Affairs, Science and Technology will want to give further consideration to this matter in the early period of the legislation's application including the concern of the division of spouses' credits and matters relating to disability.

This is the new part, Senator Frith.

> The Committee suggests that there should be an automatic splitting of CPP credits upon the dissolution of marriage. While an opting out provision might prevail, the low rate of take-up of the current pension credit splitting scheme is inadequate as is evidenced by the numbers.

[*English*]

Senator Frith: Honourable senators, the report that Senator David presented yesterday, being a report of a committee on a bill, reporting the bill without amendment, stands adopted without debate. So there was no debate on that motion yesterday. Then we discussed the possibility of having unanimous consent to an amendment to that report, or an addendum to that record, because we felt that would be relevant to third reading debate, just as the report is relevant to third reading debate. I propose that we give unanimous consent to have this addition made to the report, and it having been made, it seems to me relevant for us then to proceed to adopt the bill at third reading. I think that would probably suit Senator Lavoie-Roux equally, because she made reference to it herself.

[Senator David.]

• (1520)

Therefore, with unanimous consent, I believe we can adopt Senator David's motion and then put the motion for third reading.

Senator Lynch-Staunton: That is what we said.

Senator David: This draft, Senator Frith, was made in consultation with Senators Marsden, Kinsella, Lavoie-Roux and myself.

The Hon. the Speaker: Honourable senators, we must go through third reading first and then vote on the motion of Senator David.

Senator Frith: We would, but that is a matter of procedure. We are now saying, as we proposed yesterday and are now able to do, that we certainly could not do what we are doing now without unanimous consent. However, if we have unanimous consent, there is no question that we can adopt this addendum. It is appropriate that we do, because the report of the committee is very relevant to the debate at third reading. It seems to me we avoid additional debate at third reading by simply adopting this addendum, because everyone agrees that we want it added to the report, and everyone agrees that, apart from that having been done, we want to give the bill third reading.

I underline that the Speaker is quite right if we have no unanimous consent. However, we have unanimous consent to this procedure at this time. We should do it that way, because that seems to me to be exactly what the house wants to do.

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

Motion agreed to and bill read third time and passed.

BUDGET IMPLEMENTATION BILL, 1991

SECOND READING—DEBATE ADJOURNED

Hon. William M. Kelly moved the second reading of Bill C-20, to amend certain statutes to implement the budget tabled in Parliament on February 26, 1991.

He said: Honourable senators, I rise to speak on Bill C-20, an act to amend certain statutes to implement the February 26, 1991 budget statement.

I apologize in advance, honourable senators, because I am losing my voice.

This bill is an omnibus bill. It groups together amendments to three separate statutes: The Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contribution Act; the Public Utilities Income Tax Transfer Act; and the Unemployment Insurance Act.

As indicated in the bill's title, these statutes are being amended in order to implement certain fiscal arrangements announced by the previous Minister of Finance in the last

budget statement. I will address each act to be amended in order, followed by the bill.

The Federal-Provincial Fiscal Arrangements Act is proposed to be amended to extend the freeze on EPF, on Established Programs Financing transfers announced in the 1990 budget for another three fiscal years, namely, 1992-93, 1993-94 and 1994-95.

Senators may recall that Bill C-69, the Government Expenditures Restraint Act, approved in this place last February, removed any escalation and special inflation provisions in EPF financing for 1990-91 and 1991-92. The bill before us now extends these provisions for another three fiscal years and establishes the escalator that will apply for fiscal year 1995-96. That escalator is one percentage point less than the escalator applicable before the freeze was imposed. In other words, the escalator applicable in 1989-90 was GNP minus .02; so the escalator for 1995-96 will be GNP minus .03.

An allied amendment to the act will provide for penalties under sections 15(1) and 20(1) or 20(2) of the Canada Health Act applied to other federal transfer payments to any province that breached its requirement to meet national health standards as set by the Canada Health Act. The current Canada Health Act, section 15(1), allows the Governor in Council to penalize provinces for a breach of any of five conditions: Universality, comprehensiveness, accessibility, portability, and public administration. Section 13 allows penalties for the breach of certain administrative conditions. Bill C-20, in effect, adds to the conditions enumerated in the Canada Health Act. This is to safeguard the integrity of the Canada Health Act and the national health standards it establishes by penalizing any province that might decide to "borrow" from health care funding in order to make up for the freeze in federal EPF transfers.

The Public Utilities Income Tax Transfer Act is proposed to be amended to extend the current limitation on transfer payments under the act for an additional four fiscal years, namely, 1992-93, 1993-94, 1994-95 and 1995-96. Again, senators might recall that Bill C-69 froze federal-provincial transfers under the act to the 1989-90 level for fiscal years 1990-91 and 1991-92. Clause 7 of the current bill extends that freeze for another four years by applying to designated corporations having taxation years ending in any year up to and including the end of 1995.

As senators know, the Public Utilities Income Tax Transfer Act requires the federal government to transfer back to provinces 95 per cent of the federal income tax paid by investor-owned utilities on net operating income for the generation or distribution of electrical energy or gas. The transfers are paid in March of each year and consist of an advance payment based on an estimate of income tax payable in the coming year, plus adjustments for the past year based on whatever differences occur in actual tax assessments from the estimates applying to that taxation year. These provisions do not apply to provincially-owned utilities, because as agents of Her Majesty in right of a province, such utilities are immune from federal income tax.

In any event, Bill C-20 will freeze transfers under this act to the dollar levels paid in 1989. If the assessed amounts for 1989 happen to have been less than the amounts paid based on the forward estimates, the lower amount—in other words the amount of the actual assessment—applies.

The Unemployment Insurance Act is proposed to be amended to provide for an increase in premium rates effective July 1, 1991. Clause 8(1) of the bill seeks to amend section 48(1) of the act to increase the premium rate from the current 2.25 per cent of insurable earnings to 2.8 per cent of insurable earnings. In dollar terms, this means that employees' premiums will increase to $2.80 per $100 of insurable earnings.

Under existing section 50(1) of the Unemployment Insurance Act, employers' UIC contributions are geared to employee contributions by a factor of 1.4. In other words, employers are required to pay 40 per cent more in premiums than employees. Accordingly, the impact of C-20 will be to increase the employers' premiums from the current $3.15 per $100 in insurable earnings to $3.92. These changes cover the period July 1, 1991, through to December 31, 1991.

Senators will recall an announcement by the Minister of Finance several weeks ago about a further bump in UI premiums. That bump will be effective January 1, 1992, I understand, and will be implemented by the commissioners using their discretionary power under existing section 48 and after consultations with the Minister of Finance. The bump will be based on the level applicable to the last six months of 1991 established by the bill before us at this moment.

There is another set of budgetary restraint measures announced by the former Minister of Finance in the last budget that logically, I believe, should be part of Bill C-20, or at least considered in conjunction with Bill C-20, because they relate to budgetary restraint measures and were announced by the minister as part of the same package. Those measures are the proposed amendments to the Canadian Assistance Act. That is the act under which the federal government transfers funds to those provinces not receiving equalization payments for contributions towards costs incurred by provinces and municipalities for social assistance, welfare services and approved work projects.

● (1530)

Federal payments are now frozen at a maximum escalation of 5 per cent per year for the years 1990-91 and 1991-92. The Minister of Finance announced the extension of this cap for three years, namely for fiscal years 1992-93, 1993-94 and 1994-95. This extension is included in Bill C-32 currently under review in the other place. As I indicated, it would appear to make sense to me that the substance of Bill C-32 be studied in parallel with Bill C-20. I respectfully suggest, therefore, that the committee take on Bill C-32 for pre-study concurrently with its review of Bill C-20.

There is no question that the measures contemplated in Bill C-20 are tough medicine. They are particularly tough medicine in these difficult economic times. I am sure they were not embarked upon lightly by the Minister of Finance. But they

are measures which the government believes—and I certainly agree—are necessary. The alternative is to increase the deficit or increase taxes which, as a matter of general fiscal policy, this government is not prepared to do.

Further, I think it proper that the burden of budgetary restraint be shared more among the levels of government. It is an unfortunate aspect of our confederal system that, if the federal and provincial governments take conflicting tacks on fiscal policy, the best laid fiscal plans will come to naught. In my own province, I am looking at the average 10 per cent growth in expenditures by the previous provincial government during its term and the unprecedented budgetary deficit incurred by the current government.

I point out that during the years since 1984-85, federal program spending has been held to an average of 3.7 per cent each year. During the same period, federal transfers to provinces were growing at almost 6 per cent per year. I suggest that this clearly indicates an unequal spread of the burden of budgetary restraint and deficit reduction. Even with the measures contained in Bills C-20 and C-32 in place, federal transfer payments will still increase at an annual rate greater than projected federal program spending.

Aside from controlling federal budgetary expenditures, the measures implemented through Bill C-20 will impose another discipline on the provinces to get their own houses in order. I am encouraged in this regard by recent statements by the Ontario Treasurer and Minister of Health who see considerable savings being realized through more efficient and effective delivery of health care and social programs. It is unfortunate, however, that this realization has come about due to economic and fiscal pressures and not due to a continuing and routine quest for better and more efficient management.

It is instructive to note, however, that major federal transfers to Ontario will increase from $9.37 billion in 1990-91 to $9.59 billion in 1991-92, and to approximately $9.8 billion in 1992-93, even after factoring in the measures included in both Bill C-20 and Bill C-32.

Honourable senators, as I stated at the outset, Bill C-20 is an omnibus bill. It groups together amendments to three quite separate and distinct statutes. I add, parenthetically, that the amendments to the Canada Assistance Act contemplated by Bill C-32 would have also been part of Bill C-20 had the substance of its predecessor—Bill C-65—not been the subject of a constitutional challenge. That challenge has since been decided in the federal Government's favour by the Supreme Court of Canada.

I understand that some of my colleagues opposite, who have far more experience with parliamentary procedure than I do, may have some difficulty with the "omnibus" approach. I can only draw their attention to several rulings by the Speaker in the other place. As I understand it, these rulings establish that an omnibus bill, even though it seeks to amend or even create disparate statutes, is proper if those amendments have a common purpose or theme. I submit that the amendments proposed by Bill C-20 are a "package" and have a common theme or principle —that of budgetary restraint. They were certainly announced as part of a package in the last budget. As such, they qualify, in my opinion, for inclusion in an omnibus bill.

I also understand that there are several precedents for the inclusion of budgetary restraint measures applying to several statutes in one omnibus bill: the Government Expenditures Restraint Act passed by Parliament in 1976; Bill C-69, which I have already referred to several times in my remarks and which was passed by Parliament on February 1, 1991; and—although I hesitate to mention it—the bill to implement the Canada-U.S. Free Trade Agreement which, incidentally, amended 27 statutes.

Honourable senators, we are approaching the time for the Minister of Finance's budget statement for 1992. I suggest, therefore, that we clear the decks of outstanding measures from the 1991 budget statement, especially given the importance of these measures to the Government's overall budgetary management objectives and fiscal policy.

Honourable senators, that concludes my remarks and I commend Bill C-20 to the Senate's consideration.

On motion of Honourable Senator Molgat, for Senator Hébert, debate adjourned.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, it has been agreed that Orders Nos. 3, 5, 6 and 7 should be considered together as a package. They are the four financial institution bills which have been travelling together and they should be considered as a block for purposes of debate at this stage.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have had some discussion on this matter with Senator Kirby, the deputy chairman of the committee. He has also been in discussion with Senator Poitras, and we have agreed to consider the four bills together. I believe Senator Kirby also wishes to speak on the matter.

[*Translation*]

COOPERATIVE CREDIT ASSOCIATIONS ACT TRUST AND LOAN COMPANIES ACT BANK ACT INSURANCE COMPANIES ACT

SECOND READING

Hon. Jean-Marie Poitras moved that Bill C-34 to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters, Bill C-4 to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters, Bill C-19 respecting banks and banking and Bill C-28 respecting insurance companies and fraternal benefit societies be read the second time.

[*English*]

Hon. H. A. Olson: Honourable senators, I do not want to be sticky but I believe that only one bill may be moved at a time. However, we have agreed for purposes of debate that we will debate all four.

[*Translation*]

Senator Poitras: Honourable senators, should I move again the second reading of bill C-34?

[*English*]

The Hon. the Speaker: Senator Olson, do you want each one of them to be moved separately, or do you agree that the four be moved together?

Senator Olson: I believe that each bill has to be moved separately and passed. However, I do not want to disagree with the two house leaders who have said that all four could go together for the purpose of debate.

The Hon. the Speaker: We will agree that this is for the purpose of debate.

[*Translation*]

Senator Poitras: Honourable senators, as I said before, two weeks ago I presented in this house the report of the Senate Committee on banking regarding the pre-study of bills C-34, C-4, C-28 and C-19, legislation governing cooperative, insurance companies and banks. It is now up to this house to decide whether or not this legislation provides for a solid foundation for our financial system. When presenting the pre-study, I discussed the method we followed. Today, I would like to comment on the legislation and the Senate's role in its drafting.

However, before dealing with the legislation per se, I would like to highlight and I think this is very important, the profound changes that are reshaping financial institutions all over across the world and the impact of global competition on our institutions. While we are embarking on our debate of this legislation, European leaders are meeting at this very moment in the Dutch city of Maastricht in an effort to reach a monetary and economic agreement. It is a huge step towards the full integration of their economies, the creation of a common currency and the establishment of a central bank. The European community could reap up to $30 billion Canadian a year from an open market for financial services. As they gain strength in a more competitive common market, the EEC's financial institutions will be in a better position to compete on the world market.

On the European financial markets, institutions authorized to operate in any member country according to the local rules, will be able to do so in all the other member countries without prior authorization for their individual branches.

● (1540)

Yet, not everything is as rosy. While the banking industry has developed common rules, the insurance industry is in a difficult position. Markets like Germany stay closed to foreign imports because of a wide range of protectionist measures. There is still much to be done in other sectors like resale securities, payment systems, takeover rules, etc.

Closer to home, south of the border, in the United States, there are numerous problems in the financial system. The problems of the American Savings and Loan Associations have been making headlines for years. The collapse of the S & A, which were established to get the U.S. economy out of its mess, already cost US $80 billion to cover depositors' losses. Congress recently approved another US $25 billion, even though the Bush administration had asked for more than $80 billion. We are told that almost 300 companies still remain on shaky grounds in that sector.

The insurance industry has also faced serious problems abroad. Several businesses were in jeopardy after making risky investments in junk bonds and in real estate. Several have cash flow problems which result from the billion of dollars invested in non-liquid holdings such as mortgages that can be sold only with big losses. Until last October, the government had taken over 34 insurance companies compared to 32 last year.

Finally, as with the S & LA, the American banking industry seems to go through a difficult readjustment. The number of failed banks is as high as during the Great Depression. Since 1987, almost 900 banks with assets of $162 billion went bankrupt. The Federal Deposit Insurance Corporation, which recorded a surplus of $18.3 billion in 1987, is virtually penniless. The Bush administration is seeking US $70 billion to deal with the problems of the banks. To make matters worse for the banks, last month, the Congress approved a more stringent regulation system. Regulators now have to solve problems more rapidly and close the banks before they go bankrupt.

The European Economic Community and the United States are not the only one to face dramatic changes. There are some serious problems in the Japanese financial system. In Canada, there are some difficulties with the trust companies which I hope will be resolved without any problem for the Canadian financial system. The other pillars of our financial system seem to be doing well.

How will our Canadian financial system do in the years to come? Will the proposed legislation provide a solid foundation allowing us, first of all, to protect consumers and maintain solid financial institutions and a stable financial system?

Secondly, to promote competitiveness, to ensure the efficiency and expansion of the various options made available to consumers, and thirdly, to promote the harmonization of the federal-provincial regulating policies.

Have we given ourselves a framework within which few institutions will face serious problems and several will be able to grow?

The legislation before us will in fact provide the solid framework we are looking for. It represents a compromise between the need to give our financial institutions the power to compete at the international level in terms of financial services. It is a compromise between the wish of the four pillars of our financial system, which want to expand their activities in every financial sphere.

The legislation is a compromise between the new commercial connections the financial institutions wish to develop and the opportunity for the regulator to easily identify what role each of the financial institutions play in each area.

These compromises are the result of several years of studies made by the private sector, the other House and the Senate, particularly the Standing Senate Committee on Banking, Trade and Commerce.

In its pre-study report, the committee stressed the Senate's influence on the legislation before us. Several of the recommendations contained in its 1986 report entitled "Towards a more competitive Financial Environment" and in its 1990 report entitled "Canada 1992—Toward a National Market in Financial Services" are reflected in the bill before us: in the parts concerning property rules, property diversification through the pillars, transactions with related parties not at arm's length and the role played by directors in corporate control. In its 1990 report, the committee stressed the significance of transactions not at arm's length. One of the major problems in this regard is the abuse. Adequate control measures must be considered. The pre-study also identified some specific changes which are necessary to respect the intent of the legislation. A number of amendments made by Parliament during the third reading in the other place reflected the recommendations made by your Committee on Banking, Trade and Commerce.

Once this bill is adopted by the Senate, we will still have much to do. Our work is not completed yet. The committee will hold meetings to identify adequate recommendations in order to finalize the goals of this legislation, namely the regulations concerning company de-mutualization, the foreign investment rule commonly called the 10-50 percent rule and the transfer of information among financial institutions, or what is commonly called information confidentiality for consumers' protection.

Some regulations will also raise questions concerning federal-provincial harmonization. They will have to be examined closely in order to minimize overlapping and conflicts. The committee asked the minister to report to the Senate, through the committee, at least every two years, on the developments in the financial markets, following the proclamation of this bill, including the regulation issues and the eventual problems relating to this bill.

Finally, the committee plans to scrutinize the Canada Deposit Insurance Corporation as well as the insurance policies of the Canadian Life and Health Insurance Compensation Corporation in matters of life and health insurance and the Insurance Compensation Corporation in matters of property insurance. We must review the operations of those corporations that accumulate funds for the protection of consumers, may they be banks, insurance companies or trust companies. That is very important for the protection of our fellow citizens.

In short, honourable senators, we have come a long way. The legislation that has been examined closely and that is before us will provide a solid basis to ensure the development of Canadian financial institutions within a global market of financial services in constant evolution. Thank you, honourable senators.

[Senator Poitras.]

• (1550)

Hon. Michael Kirby: Honourable senators, in rising to make just a few remarks on second reading of the four finance bills, I will limit my remarks to simply commenting on the specific amendments which were proposed by the Senate Banking, Trade and Commerce committee on its prestudy of these bills. My comments on the broad policy which underlies these bills were made in this chamber ten days ago.

There are really two things that I think honourable senators ought to note about the bills which are before us today. The report of the committee was tabled in this place on November 28. It contained a total of 16 proposed amendments to the package of four finance bills. Twelve of those 16 amendments, or 75 per cent of the proposed amendments, were in fact adopted by the government. They were moved in the other place, and they are, in fact, contained in the bills which are now before us. I think that alone indicates the ability of the Senate Banking, Trade and Commerce committee to have an impact on public legislation. In fact, a unanimous report supported by senators on both sides of this chamber can produce a series of amendments of which three-quarters are adopted by the government.

With respect to those amendments that were adopted, it is true that two or three of them were merely technical in nature in the sense that they cleaned up the language of the acts. Several of them in fact are quite substantive, and I will illustrate with a couple of examples.

Two of the amendments, for example, deal with giving adequate or increased protection to policyholders and shareholders of insurance companies. They ensure that, in the course of collapsing the four pillars, the kinds of protection which policyholders have in an insurance company will continue in spite of the collapse of the four pillars.

Some of the other amendments, for example, deal with the process which must be undergone in connection with what is called demutualization of a mutual insurance company, and again doing it in such a way as to ensure adequate protection of those people who have, in fact, invested in a mutual insurance company over the years.

Another one of the amendments which was accepted by the government deals with the necessity of protecting actuaries who are required under the new legislation to report directly to the Superintendent of Insurance on situations which they believe pose significant danger to their insurance company as a result of the financial affairs of the company.

The Association of Actuaries argued very convincingly before your committee that if they were to be required by law to make these kinds of reports to the Superintendent of Financial Institutions, they had to be protected from a civil suit. That, in fact, is a sitution that has arisen not only in Canada but in other jurisdictions. In other words, one had to at least leave the actuary in a position where, if he followed the

advice of the legislation and acted in good faith obviously and not in a malicious way, he could not then be sued because he broke confidentiality in some sense and reported directly to the superintendent. That struck the members of your committee as a very reasonable proposition for the actuaries to take provided that, in fact, the report to the superintendent was made in good faith. That proposed amendment was accepted by the government and adopted in the other place.

Another example of where this committee had some significant impact on the legislation has to do with the way in which many companies in the financial services industry provide information services through subsidiaries. A number of the companies have information services subsidiaries which are, for tax reasons, structured so that they are legal subsidiaries of a financial institution. Until the amendment was proposed by your committee and passed in the other place, it would have been impossible for a financial institution to have an information services subsidiary. The way in which the law was structured would have prevented a financial institution from having a subsidiary in a business other than direct financial services, and information services is clearly deemed to be outside the financial services sector. Again, the extensive review of the legislation by the committee corrected those types of problems.

• (1600)

As I said, some 25 per cent of the proposed amendments—four of them—were not accepted by the government. I commented on most of them last week, in particular on the one dealing with the proposal that financial institutions be allowed into the automobile leasing business. As a policy position, the government has rejected that proposal from the very beginning, although your committee, in three separate reports dating back to 1986, has recommended that financial institutions ought to be allowed into automobile leasing.

The government also rejected an amendment that was aimed at ensuring that contracts, particularly those related to insurance, would be drawn up in plain language so that the average citizen who signs such documents actually understands them. The argument against that presented by the government was that it was too difficult to draft such a piece of legislation. I point out that such a piece of legislation exists in the Province of Quebec, and has existed there for some time. It operates in an effective manner. Nevertheless, that particular proposal by this committee was rejected by the government.

The final issue which was rejected, not by the government but which was defeated by a vote of the committee in the other place was the proposal from this committee that the provision in the Bank Act requiring that major banks have two auditors should be continued. It was your committee's view that it is very important to increase public confidence in financial institutions in general and banks in particular, and that the two-auditor system had worked well in this country for a long time. We saw no reason for changing that provision.

We were mildly concerned that elimination of the two-auditor situation would lead to some modest loss of confidence and concern as to why, at a time when financial institutions appear to be in trouble around the world, perpetuating the two-auditor rule in Canada was not a good idea. That is not the case in Canada, thank goodness. However, one only needs to look south of the border, and elsewhere in the world, to realize that financial institutions are no longer regarded as being as safe as they used to be.

That amendment was turned down by the committee in the other place on the grounds that it would be too expensive for the major financial institutions, particularly the major banks. I think one need only look at the recent profit statements of the major banks to question the judgment made on that amendment by the committee in the other place.

With the exception of those four areas that I have just touched on, the fact is that 12 of the 16 amendments proposed by your committee as a result of its pre-study have been adopted by the government. This is simply one more example of the fact that, historically, not merely the industry and consumers associations but the government itself has looked on with considerable favour the kind of analysis of legislation that is done by this committee.

Frankly, it is a tribute to members on both sides that we were able not only to come up with a unanimous report but with a report which was sufficiently solid that three-quarters of our recommendations were accepted by the government.

Some Hon. Senators: Hear, hear!

Motion agreed to and bills read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall these bills be read the third time?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, since there appears to be general consensus on the part of the chairman and the deputy chairman that the pre-study of these bills has led to some highly constructive efforts allowing 12 amendments to be incorporated into the final versions, is it possible to have leave to pass these bills the third time on the assumption that there is little left for the committee to do? I am not imposing this suggestion. I am making it because, from what I have heard, there is not much left for the committee to do with respect to these four bills.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I believe that the Deputy Leader of the Government knows our position regarding pre-study. I appreciate very much his subtle attempt to get me to agree to his request. I regret that we must stay with our position that bills must be referred to committee.

On motion of Senator Poitras, bills referred to the Standing Senate Committee on Banking, Trade and Commerce.

INTER-PARLIAMENTARY UNION

EIGHTY-SIXTH INTER-PARLIAMENTARY CONFERENCE, SANTIAGO, CHILE—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Bosa, calling the attention of the Senate to the Eighty-Sixth Inter-Parliamentary Conference, held in Santiago, Chile, from 7th to 12th October, 1991.—(*tHonourable Senator Nurgitz*).

Hon. Nathan Nurgitz: Honourable senators, first, I should like to thank Senator Bosa for raising this matter. Tomorrow, it will be my intention, during the course of Presentation of Reports from Inter-Parliamentary Delegations, to table a formal report. However, I have a few comments to make at this time.

This conference was held as a follow-up to a conference that was to have been held in 1973. But events in Chile during those years and the unfortunate military regime of General Pinochet prevented the holding of the conference at that time. Thus, this was a make-up conference.

In October of 1990, Chile, because of its new constitution, its new government and its return to democracy, was welcomed back to the Inter-Parliamentary Union. It was a particularly touching and moving event for the Chilean parliamentarians to celebrate the return of democracy and what they considered to be the return of membership in the world community.

One of the prime objectives of the current government of President Aylwin has been to reintegrate Chile into the family of nations after being virtually ostracized for 17 years. The first step was to renew diplomatic relations, with the exception of Cuba, with those countries represented at the IPU which had severed ties with Chile in 1973.

● (1610)

Chile is also attempting to play a high profile role in international organizations. For example, the Chilean armed forces, for the first time in many years, are now participating in U.N. peacekeeping.

Hosting this IPU conference was part of that process of reintegration. At the inaugural conference the president of the Chilean IPU group expressed deep gratitude to the union for its defence of the human rights of Chilean parliamentarians and the Chilean people during the Pinochet years saying:

> We welcome you with open hearts and joyful spirits because Chile and its institutions have rejoined the world Parliament with your support and that of the popular forces of the country.

The new government has also embarked on a program of trade liberalization, seeking free trade arrangements with countries of the hemisphere, while at the same time diversifying trade toward the Pacific Rim.

I was interested to learn about Canada's economic relationship with Chile. In 1990 Canada was the largest foreign investor, contributing almost $500 million U.S. to the Chilean economy, and last June a memorandum of understanding promoting economic cooperation was signed. It is designed as a blueprint for developing a commercial relationship and is expected to create a heightened awareness of both Chilean and Canadian private sectors of opportunities for participation in our respective economies.

During our time in Santiago we had an opportunity to meet representatives of Canadian companies currently working in Chile to discuss the nature and extent of Canadian investment there. On another occasion, I met with the Chilean equivalent of the Santiago board of trade to discuss economic matters. These meetings were extremely useful in learning more about Canadian investments and in promoting Canadian interests abroad.

These meetings were arranged by the Canadian embassy and I want to endorse what Senator Bosa has said about the Canadian ambassador to Chile, Mr. Michael Mace, and his staff. Michael Mace knows and understands the work of the IPU and the opportunities that can be provided through parliamentary delegations to further Canadian interests. We appreciated not only the excellent support and assistance for our visit to Santiago, but especially the way in which he took the initiative to forge new links with Chilean authorities and private sector officials. He is a credit to the Canadian foreign service and worthy of very high praise and commendation.

As well, I want to mention the typically unpaid Canadian diplomats, sort of unsung heroes, that is, the wives of diplomats who are ever present and ever helpful. Jane Mace, the wife of the ambassador, and Madeline Bickford and Vicky Turner were always available to assist the delegation and were wonderful people to have around us in Chile.

With respect to the conference itself, there were approximately 500 parliamentarians from 95 countries. A very memorable event was the readmission of the three Baltic countries: Estonia, Latvia and Lithuania. Representatives from those countries gave heartfelt speeches about their joy in rejoining the union and describing the challenges which lie ahead.

Reverend Alfonsas Svarinskas, the representative from Lithuania, who had spent 25 years in a concentration camp, gave a particularly poignant defence of democratic ideals. For those of us in this country who sometimes take the principles of democracy for granted, it was a moving experience to hear someone speak so passionately about free a speech, a multiparty system, a free and independent press and an independent judiciary.

Our Canadian delegation met with the Baltic legislators to learn more about the current situation and about the type of support which their countries require in order to establish firmly democratic institutions. The needs of the Baltic parliaments are great. They need technical support in almost all areas of parliamentary activity. This is an area where Canada might be able to offer concrete assistance and support.

The IPU groups in the three Baltic parliaments have just been formed and have no financial resources. In fact, the travel and living expenses of those three legislators were paid by five members countries of the Nordic group: Iceland, Norway, Sweden, Finland and Denmark.

Honourable colleagues, I would like to make a strong plea for some type of assistance to those fledgling organizations. If

we truly believe in offering support to newly-emerging democracies as they establish their parliamentary institutions, surely we can find some small way to assist these representatives in having the opportunity to meet on a regular basis with their parliamentary colleagues.

Turning now to the conference agenda, there were three main subjects, the first of which was a discussion of "human development: economic growth and democracy". Our colleague, Senator Haidasz, was one of two Canadians who spoke on the topic of Canadian multiculturalism policy and the need for a stronger protection of minorities who are often the target of genocide.

Another topic was support for greater liberalization of international trade. Our colleague Senator Bosa, who spoke just the other day about this matter, did excellent work on the drafting committee to prepare a resolution for presentation which was accepted at the final plenary session.

Before concluding my remarks I would like to mention the work of our colleague Senator Neiman on the Committee on Human Rights and Parliamentarians. This committee was established in 1977. It examines cases of members of national parliaments who are subjected to internment, for example. Senator Neiman was elected to a five-year term in 1988. This is a personal appointment and cannot be transferred to another delegate from Canada. Serving on this committee is a very time-consuming task. Not only does it meet throughout each of the statutory conferences, it also meets in Geneva twice a year to examine the progress of various cases. At any one time there are usually 70 or 80 cases of parliamentarians who are in prison because of their views.

In Santiago, the committee reported on the violations of the human rights of 75 members or former members of parliament in seven countries. A significant majority of these, 65 of them, are cases from Myanmar, formerly known as Burma. The IPU was so concerned about the conditions in Myanmar and the lack of progress in obtaining information from the authorities that it has asked for an IPU mission to conduct an on-site investigation. In the past, these visits have been somewhat productive.

You may recall that a couple of years ago Senator Neiman reported to us about taking their committee right to Indonesia and Malaysia. That had the effect of obtaining the release of people who had spent many years behind bars because of political beliefs. Only two days ago the family of the leader of the opposition in Myanmar received on her behalf the Nobel prize, she being still under house arrest in her own country.

I raise this subject because of the importance of protecting the human rights of parliamentarians. I urge honourable colleagues to consider ways in which we can exert pressure on the authorities of places like Myanmar to release people presently either under house arrest or in prison.

This conference was filled with a range of experiences. With our Chilean hosts we celebrated the return of democracy and appreciated the difficulties facing the parliament as it deals with the aftermath of human rights abuses during this military regime. With the three Baltic legislators we were aware of the importance of establishing democratic parliamentary institutions and the need for support to newly-emerging democracies. With the examination of these many cases in Myanmar including, as I have mentioned, the leader of the opposition under house arrest, we were reminded that much work remains in the protection of human rights and the promotion of democratic principles.

One of the main purposes of the union is to work for peace and cooperation among peoples by fostering contacts and exchange of experiences among parliamentarians and parliaments. All of us who participated in the Santiago conference returned with a strong sense of the importance of democratic institutions and of the need for support for those countries which are struggling to achieve democracy. I commend the report to you.

Senator Bosa: Honourable senators, I wonder if I could adjourn the—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if the honourable Senator Bosa speaks now, his speech will have the effect of closing the debate.

Senator Bosa: I do not intend to speak, honourable senators. I was just wondering whether I should adjourn the debate in the name of Senator Neiman, who is presently attending the joint Senate and House of Commons Committee on National Unity. She may wish to make a few remarks. I do not know if Senator Nurgitz is aware of whether she will want to say something, but we can make the opportunity available for her to do so.

Hon. Senators: Agreed.

On motion of Senator Bosa, for Senator Neiman, debate adjourned.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

TWENTY-FIRST CONFERENCE OF THE CARIBBEAN, THE AMERICAS AND THE ATLANTIC REGION IN PORT OF SPAIN, TRINIDAD AND TOBAGO—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Macquarrie, calling the attention of the Senate to the Twenty-First Conference of the Caribbean, the Americas and the Atlantic Region of the Commonwealth Parliamentary Association held at Port of Spain, Trinidad and Tobago, 12th to 18th May, 1991.—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, as I said the other day, I was very happy to be the Canadian observer-delegate at the conference in Trinidad and Tobago some weeks ago because of the great importance of our relations with that part of the world, the Commonwealth Caribbean. One of the great studies done by the Senate Foreign Affairs committee was that done in 1970, when Senator Aird was the chairman and Senator Grosart the vice-chairman, regarding Canadian relations with the Commonwealth Caribbean. That study is a

classic yet on that matter, and it is one of the finest reports that Senate committees have produced.

There were problems, of course, in this area because these small communities are looking again at the possibility of greater coordination among themselves. We had Sir Shridath Ramphal in Canada last week meeting with the committees of both Houses on Foreign and External Affairs.

We were also in Trinidad and Tobago, where they had a very distressing coup. The small countries were very interested in the possibility of guaranteeing their security against civil uprisings, considering that they are small countries with very small armed police forces.

One of the fascinations of being with people in the Commonwealth Caribbean is the fact that, with such small polities in these mini-states, they carry on the Parliamentary process, the administrative and the executive process, with such great success.

One item that we seem to deal with here all the time is upper chambers. One conference session dealt with upper chambers, and I think they have very interesting developments down there. They structure the upper chamber with so many members appointed by the president, or head of state, on the advice of the prime minister; so many members on the advice of the leader of the opposition; and so many more without advice. Sometimes those presidentially- appointed senators may be in a situation where they hold the balance of power.

Another interesting thing for an old Canadian senator, or an aging one, is that often in the Caribbean there is a tendency to appoint young political figures to the Senate so that, later on, they may take a more active role in the popular elected house or in the government. We would not be quite accustomed to that here. There is a nasty tendency to suggest that the old stagers are put in the Senate after they have been more or less useful somewhere else.

I remember being very impressed by a young Bermuda senator who intervened off the bat and turned the discussion into a lively debate. She was much like Senator Allan J. MacEachen when he is at his best. I complimented her and said, "Unfortunately, you could not be a Canadian senator." She said, "Why not?" I do not know whether she was thinking of feminism or racism. I said, "Up in Canada, you have to be 30 years of age." She said, "Well, I have a daughter who is 20." I guess I am not so good at reading the youth or otherwise of the young ladies.

In closing, I want to say that, in my opinion, it is extremely important that we carry on our long-term, long-time interest in the Commonwealth Caribbean. Every time I go there, I am close to being embarrassed—I do not embarrass all that easily, at how they regard us with such high respect and deep affection that I sometimes pause to hope we are worthy of their regard. I really believe we can do more and we must ever develop that great goodwill between us.

Hon. Senators: Hear, hear.

The Hon. the Speaker: If no one else wishes to speak, this inquiry is considered debated.

[Senator Macquarrie.]

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO INCREASE MEMBERSHIP—DEBATE ADJOURNED

Hon. Paul David, pursuant to notice of Wednesday, December 11, 1991, moved:

> That the membership list of the Standing Senate Committee on Social Affairs, Science and Technology be increased to 15 members and that Rule 87(1)(*m*) be suspended in relation thereto for the present session.

Honourable senators, I shall be very brief.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, could Senator David explain to us why he is making this request?

Senator David: Honourable senators, the committee which I have the honour of presiding has unanimously accepted the motion which I presented yesterday afternoon. The purpose of this motion is to add three members to the present twelve members of the Committee on Social Affairs, Science and Technology, solely to fill five positions on the Subcommittee on Veterans Affairs whose quorum is three.

During the last session, the chairman of this subcommittee always had great difficulty convening his group. We want to correct that situation. Senator Marshall is ready to submit a list of several senators who would be willing to serve mainly on this subcommittee while also becoming members of the Standing Committee on Social Affairs, Science and Technology.

This increase in the number of members will not entail any extra expenditure and will allow the future chairman of this subcommittee to function with greater ease and efficiency.

The future members of this committee wish to involve themselves with the veterans' problems and to acquire the competence, expertise and enthusiasm which I am sure Senator Marshall will be able to transmit to them.

The purpose of the motion which I have presented is therefore clear and simple. Consequently, I hope that, in the best interests of this subcommittee, the Senate will accept the suggestion which I am humbly making on behalf of the members of the Committee on Social Affairs, Science and Technology.

[*English*]

Hon. Peter Bosa: Honourable senators, if I understood the Speaker correctly, he referred to Senator David's motion for increasing the number of members of the Standing Senate Committee on Transport and Communications. That is not the case. It is the Standing Senate Committee on Social Affairs.

The Hon. the Speaker: Senator Graham just came to the Chair to point out the mistake of the translator, but I did say, in French, the Standing Senate Committee on Social Affairs. I have requested the Clerk to ensure that the record is correct.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, if I may ask a question, Senator David, are there any extra costs related to setting up this sub-committee?

Senator David: Honourable senators, I do not think there are any extra costs.

Senator Corbin: There are no extra costs for the moment and you do not think there will be a subsequent demand coming from this sub-committee once it has begun its work.

Senator David: Unless it wants to undertake special studies, and as you know, Senator Corbin, in that case, such studies would require prior approval by the Senate.

Senator Corbin: I am asking the question in the context of our study of the current budget of the Senate. You took part in some stages of that study in the Committee on Internal Economy. I just wanted some information so we can take that into account when we prepare the budget of the Senate and its committees.

Senator Molgat: Honourable senators, I would like to ask Senator David a question. From what I understood, those additional senators will be regular members of the committee and will therefore be able to participate in the work of the committee as well as the sub-committee. Am I correct?

Senator David: You have understood the sense of the proposal, Senator Molgat. We do not want to set up another sub-committee or an another committee that would be independent from the Committee on Social Affairs, Science and Technology.

However, we would like to find members who are willing to serve on the sub-committee. Senator Marshall has a list of about 10 names from which parties will be able to choose members who agree to that. I think it is very important that it be done because, during the last session, there were three volunteers to form a quorum, and usually they were Senator Marshall, who chaired the sub-committee, Senator Bonnell, when he was there and he was there often, and myself.

Sometimes, one among the three of us could not make it and the committee meeting was postponed. The witnesses had to come back later and we had a lot of problems to keep that sub-committee busy.

The idea is to have people who will be at the central committee, if I can say that, but whose particular interest will be with veterans affairs. Therefore, when these people will not show up at the Social Affairs Committee as such, it will not be a big deal.

Senator Molgat: I believe that senator David answered my next question which was precisely that. Do we have a sufficient number of senators who are interested in this issue and who will be present? I am aware of the problems of the sub-committee during the last session. Senator Marshall would come and make a plea to have people there. Do you have a guarantee that there will be a sufficient number of senators?

Senator David: Honourable senators, yes.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until Friday, December 13 at 9 a.m.

APPENDIX

(*See p. 776*)

THE STANDING SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

LETTERS TO MINISTER OF JUSTICE ON GUN CONTROL LEGISLATION

December 12, 1991

The Honourable Kim Campbell, P.C., Q.C., M.P.
Minister of Justice and
Attorney General of Canada
House of Commons
Ottawa K1A 0A6

Dear Ms. Campbell,

I would like to thank you for appearing before the Standing Senate Committee on Legal and Constitutional Affairs, which I chair, with respect to Bill C-17 (Gun Control). The testimony of both yourself and your officials did a great deal to enhance our understanding of the bill, which we reported back to the Senate without amendment and without comment on 5 December 1991. The decision to report Bill C-17 back without comment was not, however, without controversy. Various members of the Committee, from both parties, wished to see the Report incorporate a statement as to how the Bill could be improved.

However, Committee members agreed that it would make a strong symbolic statement about the sad events of 6 December 1989 if Bill C-17 were to become law in time for the second anniversary of the Polytechnique tragedy. Since it was not possible to complete a Report incorporating the Committee's various concerns with Bill C-17 by that date, I would like to convey them to you by this letter. I am sure that, under the circumstances, you will give them as much weight as if they had formed part of the formal Report.

As Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, and on behalf of my colleagues on that Committee, I would urge you to take the following steps towards ensuring that the use of firearms in Canada is as safe as possible, and that no further lives are unnecessarily lost:

1. Ensure that officials have all the necessary resources to expedite the drafting of regulations and the speedy implementation of Bill C-17;

2. Ensure that officials give the greatest possible attention to the three areas consistently mentioned by the witnesses before our Committee:

   * development of a firearms registration policy;

   * regulations ensuring better control over safe storage; and

   * the implementation of better training procedures.

On the first point, there was a general consensus that Bill C-17, with the accompanying regulations, must be implemented as expeditiously as possible. I realize you have already made such a commitment, and your officials testified that they would be working through the Christmas season to try to ensure that an initial regulatory package will be ready for the return of Parliament in early February. The Committee would, therefore, encourage you to ensure that your officials have all necessary resources to accomplish the job as quickly as possible. In addition, we urge that you give priority to the programs necessary for the effective implementation of Bill C-17, such as educating Crown attorneys, police officers and others on the use of prohibition orders in bail and peace bond proceedings.

Second, we wish to reinforce the message delivered to the Committee that effective gun control can always be improved. Towards the close of the hearings, one Senator summed up the testimony of witnesses wishing stronger gun control as follows: better information through firearms registration, better control over safe storage and better training for firearms users.

Our Committee recognizes that not all social problems can be solved by more legislation. There are competing interests, and the citizens being regulated often feel the restraints to be unneccessary or overly harsh. However, we feel that improvements in the three areas mentioned (firearms registration, safe storage and training) would not place an unfair burden on firearms' owners or users. In fact, these are areas in which further regulation would only bring gun control into line with how we handle other dangerous implements, whether automobiles or toxic chemicals.

Registering automobiles, for example, does not stop automobile accidents, or the criminally negligent use of automobiles, or the theft of automobiles for the commission of crimes. It does, however, help to control such conduct, in part by making it clear that it will be easier to trace those responsible. As the Association des étudiants de Polytechnique said on the issue of registration: "As you know, most gun-related deaths are not created by career criminals but by people who know each other. . . We believe you cannot control something about which you have no information." Registration would also encourage firearms users to comply with future safe storage regulations.

Safe storage of firearms is a necessary precaution to ensure that third parties, who are not fully aware of the dangers involved in firearms use, cannot harm themselves or others. We regulate the safe storage of toxic materials which may be less lethal than firearms, and we would urge that you give safe storage regulations priority. Additionally, safe storage regulations would discourage the theft of weapons by unstable or anti-social personalities. At present, as one witness testified, even "current police procedures for safe storage of a gun at an officer's home do not protect it from theft or from unauthorized family use. This is the area that the statistics show most deaths come from."

Similarly, training should be required for the use of any potentially lethal objects. We do not let individuals get behind the wheel of a car

on public lands without proving their competency, and there seems no reason to treat firearms use more lightly. We know that you have declared your resolve to implement the training provisions in Bill C-17. We would only add our conviction that they must be implemented without delay to prevent unnecessary injuries or deaths.

Concerns were also expressed about continued access to semi-automatic firearms. We suggest that the Canadian Advisory Council on Firearms should be asked to consider the appropriate uses of semi-automatic firearms, and that you should consider putting on the restricted list all semi-automatics which are not suitable for hunting.

Finally, we would urge you to take quick action on the continuing importation into Canada of military and para-military firearms.

The Committee thanks you for your courtesy in appearing before us, as well as for the serious consideration we are sure these concerns will receive.

Sincerely,

The Honourable Nathan Nurgitz
Chairman

December 12, 1991

The Honourable Kim Campbell, P.C., Q.C., M.P.
Minister of Justice and Attorney
General of Canada
House of Commons
Ottawa K1A 0A6

Dear Ms. Campbell,

As you know, the Standing Senate Committee on Legal and Constitutional Affairs, which I chair, recently held hearings on Bill C-17 (Gun Control). During those hearings, we asked the Coalition for Gun Control if they could provide us with a short document indicating the areas of regulation which they would consider most urgent or most important.

Although the Coalition responded promptly, my Committee had already reported Bill C-17 back to the Senate by the time we received their document, and it did not form part of the record. Therefore, I would like to draw their submission, which is attached, to your attention by way of this letter.

Sincerely,

The Honourable Nathan Nurgitz
Chairman

Coalition for Gun Control

December 4, 1991

Senate Committee on Legal and Constitutional Affairs
Senate
Ottawa, Ontario K1A 0A4
by Fax: Attention Heather Lank, Committee Clerk (C-17)

Dear Senators:
I appreciate having had the opportunity to appear before you yesterday. I am submitting, as requested, comments regarding the regulations which will support Bill C-17. These are preliminary comments and that we would welcome the opportunity to consult further with your Committee or the Minister of Justice on these issues. I have also briefly outlined the issues not addressed by the Bill which should be considered for future amendments. While we support quick passage of the Bill as it is written, I would request that the registration of firearms and controls on the sale of ammunition be further investigated by the Minister of Justice, with a view toward bringing forward additional amendments at a later date.

1. REGULATORY POWERS

Assault Weapons

Assault weapons pose a threat which outweighs their value for legitimate hunting or sporting activities. Some assault weapons are semiautomatic versions of fully automatic weapons and these have been prohibited in Bill C-17. The Minister has promised to ban other military style assault weapons. Current owners will be 'grandfathered' if they register as collectors. It is clear that the efficacy of these controls will depend in large part on the regulations which follow and the way in which the provisions of the law are administered.

In their submissions the Canadian Association of Chiefs of Police and the Canadian Bar Association, among others, recommended that the grandfather clause allowing current owners to keep their converted automatic weapons be deleted because as long as such weapons remain in the hands of lawful owners they are subject to theft. Currently an estimated 50,000 are in circulation. At the same time, we have had reports that since the intention to ban assault weapons was announced, sales of these weapons have increased dramatically. While the controls on magazine capacity will reduce firepower, the potential for non-compliance with magazine capacity limits makes it doubly important that assault weapons using large capacity magazines be removed from circulation. On the other hand, owners of these firearms have protested that confiscation of such weapons is an infringement of their liberties. In order, therefore, to satisfy the concern for public safety in light of the grandfather clause, the Minister should move as quickly as possible to ban these weapons and that:
- the assault weapons and devices to be prohibited should include weapons where the potential hazard to the public appears to outweigh the benefit for legitmate hunting or sporting activities
- all conversions from fully automatic to semi automatic to be carefully inspected
- the definition ofgun collectors be strict and ensure that gun collectors are carefully screened and controlled

The primary intention of the Bill will not be satisfied if a large (and growing) number of these guns remain in circulation.

Restrictions on Magazine Capacity

Large capacity magazines increase the hazard posed by certain weapons. Assault weapons have large capacity magazines to minimize reloading requirements and to maximize lethal effects. A large capacity magazine is not required for hunting and is required by a limited number of competitive shooters involved in legimate, internationally recognized sports. (While many have argued they are needed for paramilitary and 'practical' shooting we do not believe that exemptions should be granted for these activities). Magazines are generally relatively inexpensive. Therefore:
- magazines should be restricted to 5 shots for long guns (centrefire,semiautomatic) and10 shots for handguns
- the restrictions on magazine capacity should include a narrow and precise definition of the competitors and the sports exempted from the restrictions and the way in which they will be controlled.

Again, if a large number of these remain in circulation, public interest will not be served.

Safe Storage

Gun theft is a problem. Stolen guns are often used in crimes. At the same time, unauthorized access to guns is a critical factor in many of the accidental shootings which occur particularly those involving children as well as some suicides. Defining and regulating safe storage should reduce theft and unauthorized access. The definition should include requirements such as:

- secure, locked containers of unbreakable material (ideally a safe for handguns)
- separate locked storage of ammunition
- secure trigger locks (not handcuffs)
- temporary disabling standards for any weapons to be hung or displayed in glass cases
- standards for transporting all weapons either in locked containers or the trunk of the vehicle (not gun racks)
- a record of guns owned including type and serial number
- in light of the potential threat associated with theft of gun collections, higher standards for collectors which may address issues such as access to the building in which the guns are stored, for example, alarm systems. As well, collectors should be required keep a record of all firearms owned, the type, serial number, and acquisition information, subject to periodic inspection
- standards for gun sellers and off-site storage should be most rigorous with guidelines defined for display of guns

FAC and References

References provide a way of confirming the details on the FAC. In obtaining references, the applicant gives notice of his or her intention to buy a firearm. This could be critical. For this reason it is absolutely essential that the applicant confirm his/her references and obtain their consent and signatures prior to submitting an application. The class of references, particularly in light of the absence of civil liability, is also critical and must be carefully considered. Community checks are another way to assess the suitability of an applicant and to notify people close to the applicant, who might have legitimate concerns, of the applicant's intention to purchase a gun. Because community checks are optional and time-consuming, the application should contain sufficient information to facilitate the task. Among other things, the FAC should contain:

- the names, addresses, phone numbers and relationship and signatures of the references
- the class of references defined in a way which encourages the provision of accurate information
- sufficient information to support community checks.(eg. marital status, residents at the same address, employer)

Fees

The current system runs at a deficit. A user pay approach is appropriate for all firearms fees (exceptions are made for subsistence hunters who are exempt) and the Minister suggested a fee of $50 for an FAC. Amendments introduced in the Legislative Committee defined the renewal to be 50% of the cost of the initial fee. At the same time, the Committee added screening options, such as community checks, which may prove costly. Moreover the new costs or training and testing or the costs for screening the new class of collectors have yet to be determined . We believe that the system should be self financing. Components of the systems needed to ensure public safety ought not to be left out simply because of cost factors. Therefore it is essential that:

- the initial fee for the FAC be set at a level which can be reasonably expected to cover costs
- the costs of the firearms control system be reviewed on a regular basis and the fees adjusted accordingly.

2. FUTURE AMENDMENTS

In their submissions to the Government and in our joint statement, the Canadian Association of Chiefs of Police, the Canadian Police Association, the Federation of Canadian Municipalities, and a diverse range of other groups have advocated registration of unrestricted firearms and presentation of the Firearms Acquisition Certificate or equivalent for the purchase of ammunition. Amendments to effect these were proposed but ruled out of order. However, the Minister has stated that she believes that the system will move in this direction. We would like to ensure that it does.

Registration

Since 1978 registration has been an essential part of the regime controlling restricted weapons. At present only restricted weapons are registered and consequently it is difficult to trace unrestricted weapons (rifles and shotguns) which are stolen or used in crime. As well, the application of prohibition orders is difficult when the peace officer has no information about the number or type of weapons an individual legally owns. Finally, because firearms acquired prior to 1978 could be retained without an FAC, it is very difficult to ascertain whether or not an unrestricted weapons has been legally obtained.

Registration ought to be part of a comprehensive gun control regime. At the same time, we understand that there is considerable resistance to the notion among the firearms community, partly founded on the misguided belief that it is the first step to confiscation. As well, the task of registering the estimated 6 million rifles and shotguns currently in circulation is enormous and such a system must be carefully considered from a number of vantage points. The feasibility of the full full range of options needs to be explored. While some witnesses proposed including firearms information on the FAC, moving towards a system similar to that used for restricted weapons, others proposed point of sale systems coupled with the requirements that all loss, theft or sales of firearms be reported. The fact that it is a large undertaking, however, ought not to dissuade the government from thoroughly exploring the options in consultation with experts in information management. Throughout the country, cars are registered. Iin most cities, dogs are registered. Significant resources are allocated to maintaining other types of information systems.

Controls on the Sale of Ammunition

Again the police, the municipalities, physicians and others asked that the FAC or equivalent be required for the sale of ammunition. A number of options were proposed. Ammunition sales could be treated like firearms sales with the FAC number, name etc. recorded for all ammunition purchases. Or purchasers could be requested to present the FAC or equivalent in order to purchase in the same way that an age of majority card is required for alcohol purchase. Such measures would reduce the ease with which criminals could obtain ammunition. This was not included in the law.

3. SUMMARY OF PRELIMINARY RECOMMENDATIONS

Regulations

Assault Weapons

- these be prohibited as soon as possible
- the definition of assault weapons to be prohibited include weapons where the potential hazard to the public appears to outweigh the benefit for hunting or target shooting
- all conversions from fully automatic to semi automatic to be carefully monitored
- the gun collectors class which will be allowed to keep these weapons are carefully screened and controlled.

Magazine Capacity

- magazines should be restricted to 5 shots for long guns and 10 for handguns
- the restrictions on magazine capacity should include a narrow and precise definition of the competitors and the sports exempted from the restrictions and the way in which they will be controlled.

FAC Application

- the names, addresses, phone numbers and relationship and signatures of the references
- the class of referees be defined in a way which encourages the provision of accurate information
- sufficient information to support community checks (eg. marital status, residents at the same address, employer)

Safe Storage

- secure, locked containers of unbreakable material (ideally a safe for handguns)
- separate locked storage of ammunition
- secure trigger locks (not handcuffs)
- temporary disabling standards for any weapons to be hung or displayed in glass cases
- standards for transporting all weapons either in locked containers or the trunk
- a record of guns owned including type and serial number
- in light of the potential threat associated with theft of gun collections, higher standards for collectors which may address issues such as access to the building in which the guns are stored, for example, alarm systems. As well, collectors should be required keep a record of all firearms owned, the type, serial number , and acquisition information,subject to periodic inspection.
- standards for gun sellers and off-site storage should be most rigorous with guidelines defined for display of guns

Fees

- the initial fee for the FAC be set at a level which can be reasonably expected to cover costs
- the costs of the firearms control system be reviewed on a regular basis and the fees adjusted accordingly.

Future Amendments

Registration

- study the full range of possible approaches to the registration of unrestricted weapons, including both point-of-sale and other solutions, their costs and benefits and implementation strategies, in consultation with police municipalities, experts on information management and provincial authorities;

Controls on the Sale of Ammunition

- review the options, including FAC or equivalent, for increasing controls on the sale of ammunition

Wendy Cukier, President

THE SENATE

Friday, December 13, 1991

The Senate met at 9 a.m., the Speaker in the Chair.

Prayers.

SENATORS' STATEMENTS

GOODS AND SERVICES TAX

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on December 13, 1990, the 12th day before Christmas, the government, in contravention of the rules and traditions of this chamber and in breach of the provisional rules unanimously adopted last fall, forced the GST legislation to receive third reading. Now, one year later, it cannot even be argued that the end justified the means.

When speaking to second reading of Bill C-62, the then Minister of Finance Michael Wilson said of the proposed Goods and Services Tax:

> I believe that in the months following January 1, 1991 when the cut and thrust of partisan debate on this issue has calmed down, when controversy has subsided, when Canadians can see our economy even more vibrant and growing, they will conclude, as I have, that this is the right policy for the right reasons at the right time.

That was January 29, 1990, at pages 7562 to 7563 of *Hansard*. I was quoting Michael Wilson. No doubt you recognized the intonation.

As millions of Canadians prepare for a bleak Christmas, I challenge the government leader to repeat Mr. Wilson's words that the GST was "the right policy for the right reasons at the right time." I doubt, incidentally, that he will. He will no doubt find a way to blame Mr. Louis Saint-Laurent or some other Liberal for what happened.

I challenge him to find evidence to show that the economy has become "more vibrant", to quote Mr. Wilson, in the past 12 months. As for Mr. Wilson's prediction of a growing economy, the only growth Canadians have seen since January 1, 1991, is that in unemployment, bankruptcies and plant closures. All of those have grown.

I urge the government to admit publicly what all Canadians know—and this confession will be good for their souls—that the GST was the wrong policy for the wrong reasons at the wrong time.

Some Hon. Senators: Hear, hear!

COMPUTER SOFTWARE INDUSTRY

INFRINGEMENT OF COPYRIGHT—PROPOSED LEGISLATION

Hon. Nathan Nurgitz: Honourable senators, I have a brief statement to make with respect to an unrelated matter.

It has come to my attention that a serious economic and ethical issue exists in the field of computer software sales. I understand that this problem is present in most large Canadian urban centres, but my familiarity with it obviously centres on my home city of Winnipeg.

As you will know, most of the popular computer software packages are produced by non-Canadian firms, largely resident in the Silicon Valley of California. In Canada, they are sold by distributors or retail stores, although the copyright remains with the American producer. Computer software, however, is unique in that it can be stolen, or unauthorized copies can be made, without any additional equipment being purchased or without any loss from the quality of the original.

Recently, a number of stores in my home city of Winnipeg have opened which rent popular computer software programs. A program which costs $700 to buy may rent for $7 for a weekend. During the weekend, a copy or many copies may be made which are of the same quality as the original $700 item. Needless to say, this creates serious difficulties for honest merchants of computer software programs. I understand that there have been occasions when a customer has taken an hour or so of a computer software salesperson's time to learn and explore a program, only to announce that there was no reason to purchase the program since he could rent it down the street and copy it down.

Over a year ago, the United States of America passed the Software Rental Amendments Act of 1989, prohibiting the rental of commercial software without the express permission of the copyright holder. I understand that this has gone a long way towards resolving the problem in that country. For jurisdictional reasons, it may be difficult to duplicate that legislation in Canada.

I would therefore like to serve notice that early in the new year I intend to bring in a private bill criminalizing the rental of software without reasonable precautions being taken that copyright will not be infringed.

One option that I have asked staff to look at is an amendment based on section 327 of the Criminal Code of Canada dealing with the theft of telecommunications services. Such an amendment would read as follows:

> 327.1 (1) Every one who, without lawful excuse, the proof of which lies on him, rents or offers for rent, any computer software under circumstances that give rise to a reasonable inference that the computer software is or is intended

to be used to make a copy which breaches copyright in the computer software, is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years.

Another section would state:

(2) Where a person is convicted of an offence under subsection (1), any computer software in relation to which the offence was committed may, in addition to any punishment imposed upon such conviction, be ordered forfeit to Her Majesty, whereupon it shall be disposed of as the Attorney General of that province directs.

GOODS AND SERVICES TAX

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, on October 24, 1990, Senator David urged us to pass into law as quickly as possible legislation to implement the goods and services tax. As reported in *Hansard* at page 3226, Senator David stated:

. . . I believe it would be irresponsible and disastrous to delay or even amend Bill C-62.

Further delay caused by seeking an alternative to the GST is certainly not the way to deal with an urgent economic situation the government is trying to correct with a great deal of courage, intelligence and energy, unfortunately making itself unpopular in the process as a result of unfounded statements by the opposition parties.

That was stated in October 1990.

Canadians now believe that it was irresponsible and disastrous of the government to force the GST through the Senate one year ago today.

Senator Frith: And down the people's throats.

Senator Molgat: One year after what Senator David characterized as "an urgent economic situation" we have, in the words of the Canadian Chamber of Commerce—an impartial body—"a national economic crisis."

What Senator David described as "unfounded statements by the opposition parties" have proved to be all too accurate, unfortunately. Instead of the additional 60,000 new jobs promised by the Minister of Finance, we have seen jobs lost with the unemployment rate increasing from 9.3 per cent a year ago to 10.3 per cent today. My own home city of Winnipeg, which for a long time had not been subjected to boom or bust, now has an 11 per cent rate of unemployment, the highest since the Great Depression.

When will the government admit that the promises it made about the GST have all proven to be unfounded?

THE SENATE

APPOINTMENT OF EXTRA SENATORS

Hon. Finlay MacDonald: Honourable senators, while many Canadians were outraged by the passage of the GST, they should not doubt the constitutionality of stacking the Senate in this case. The circumstances one year ago in 1990 lent themselves to the preconditions outlined by the Imperial government in 1873. There was actual collision of opinion between the two houses in regard to a major tax initiative—

[Senator Nurgitz.]

Senator Olson: But there was not here.

Senator MacDonald: —and the appointment of extra senators could provide the adequate remedy.

• (0910)

Some argue that the Prime Minister could not invoke the section until after the Senate had voted down the bill. However, after having read the bill twice in the Senate, after conducting a summer's worth of public hearings, and after producing the Senate standing committee's report, the Senate had done virtually everything that it usefully could have done.

The dismal history of Senate intrusions which prevented or delayed the passage of progressive law reform is a reminder of the price that democratic politics is bound to pay for this type of intervention.

Hon. Royce Frith (Leader of the Opposition): He is keeping a straight face, by God.

Senator MacDonald: Could I have the Senate's attention, please?

While the Liberal senators and their political supporters were undoubtedly right about the numbers in opposition to the new tax, they were not right to reject outright, on the basis of opinion polls, an important piece of fiscal legislation halfway through the Conservative mandate. If successful, they would have usurped the democratic process and the opportunity Canadians would have had to make the Conservatives account for their tax in the next election.

Senator Frith: Honourable senators, what we asked for was a confession. We did not ask you to rub it in.

Senator MacDonald: This is not a confession.

GOODS AND SERVICES TAX

Hon. H.A. Olson: Honourable senators, on a more serious note, one year ago today, on December 13, 1990, Bill C-62 was implemented, the detested GST. It was forced through this chamber.

On November 5 of 1990, while speaking in defence of the bill, Senator Poitras — I am glad to see that he is here today — said this at page 3539.

With this tax, our companies would consequently be better able to compete and, above all, to export their export products more fairly and efficiently.

After the GST had had a chance to work its magic on Canadian companies for nine months, Canada experienced its first — I want to emphasize "first" — merchandise trade deficit in 15 years. In September of this year, merchandise imports exceeded exports by $311 million. Senator Poitras promised us companies better able to compete. In October of this year, total bankruptcies reached the highest monthly total in Canadian history. Since the GST was passed, more than

9,000 Canadian businesses have declared bankruptcy. More than 50,000 individuals have suffered the same fate. This is the fate of a country led by a government which is bankrupt, ethically and intellectually.

I advise honourable senators opposite, and particularly Senator Poitras that you will get an opportunity later today under Inquiry No. 16 to show cause why you believed these predictions were true.

[*Translation*]

Hon. Jean-Marie Poitras: Honourable senators, now is the time I think to deal with the predictions made last year in this place by our honourable colleagues opposite.

You probably all remember, honourable senators, that we were going to have a huge inflation—several points, two and a half points at the very least and that was a conservative estimate. You also remember how the honourable senators opposite helped prepare the public to absorb the choc of this legislation by delaying passage of the bill, up to the very last minute.

It is generally acknowledged as obvious now that the delays caused in this place are partly responsible for the hardship being suffered today.

You will remember as well of years past when interest rates were at 22 per cent. Under what government, Senator Olson, was it that we had those 22 per cent interest rates?

Now, we are paying for those mistakes, while interest rates are at their lowest level in nearly 20 years. That is what baffles us.

Finally, I hope that we will hear a statement to the effect that the leader of the Liberal opposition, is committed to abolishing this tax in its entirety if and when he or his successor assumes power. This way we would have a pretty good idea of what to expect. Thank you, honourable senators.

Hon. Roméo LeBlanc (Beauséjour): Well, you believe in Santa Claus!

[*English*]

BUSINESS OF THE SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before we proceed any further, because this may affect how we deal with certain items, could the Deputy Leader of the Government advise us as to the course of business today? If we are definitely to have Royal Assent, then that may affect how I deal with certain requests from the other side.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as the Deputy Leader of the Opposition has already been informed, there should be Royal Assent today before noon, at around 11 a.m. or 11:30 a.m., depending on the course of events. We shall then be back on Monday at 2 p.m.

Senator Molgat: I simply wanted to get that on the record because of what will transpire, presumably, during the course of the morning.

[*Translation*]

TRUST AND LOAN COMPANIES BILL

REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Friday, December 13, 1991

The Standing Committee on Banking, Trade and Commerce has the honour to present its

SIXTH REPORT

Your Committee, to which was referred the Bill C-4, an Act to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters, has, in obedience to the Order of Reference of Thursday, December 12, 1991, examined the said Bill and now reports the same without amendment.

The Committee stated to the Minister of State for Finance its intention to study those draft regulations that are considered by the Committee to be particularly significant to the financial system, before these regulations take effect.

The Committee received a public commitment from the Minister that he would co-operate fully in this endeavour.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, normally I would insist we follow our usual practice, which would be to have third reading next Monday.

However, it is our custom that, if there is a royal assent on a given day and bills that have not been challenged are ready, to give leave to proceed. In this case, I am going to give leave since we have a royal assent later today.

I would like to make it quite clear that this has no connection with the issue of preliminary studies. Although increasingly, the government has been asking us to do so, we will not agree to skip normal procedure.

I support the motion only because we have a royal assent today, the bills have not been challenged, and the Committee's Deputy Chairman, on our side, has no objection.

• (0920)

Hon. Royce Frith (Leader of the Opposition): Honourable senators, if I am not mistaken, there is an agreement to deal with all four bills, so perhaps we could modify our procedures in order to deal with these third readings simultaneously.

BANKS BILL

REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Friday, December 13, 1991

The Standing Committee on Banking, Trade and Commerce has the honour to present its

SEVENTH REPORT

Your Committee, to which was referred the Bill C-19, an Act respecting banks and banking, has, in obedience to the Order of Reference of Thursday, December 12, 1991, examined the said Bill and now reports the same without amendment.

The Committee stated to the Minister of State for Finance its intention to study those draft regulations that are considered by the Committee to be particularly significant to the financial system, before these regulations take effect.

The Committee received a public commitment from the Minister that he would co-operate fully on this endeavour.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

INSURANCE COMPANIES BILL

REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, had the honour to present the following report:

Friday, December 13, 1991

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred the Bill C-28, an Act respecting insurance companies and fraternal benefit societies, has, in obedience to the Order of Reference of Thursday, December 12, 1991, examined the said Bill and now reports the same without amendment.

The Committee stated to the Minister of State for Finance its intention to study those draft regulations that are considered by the Committee to be particularly signifiant to the financial system, before these regulations take effect.

The Committee received a public commitment from the Minister that he would co-operate fully in this endeavour.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

[Senator Frith.]

COOPERATIVE CREDIT ASSOCIATIONS BILL

REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, had the honour to present the following report:

Friday, December 13, 1991

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

NINTH REPORT

Your Committee, to which was referred the Bill C-34, an Act to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters, has, in obedience to the Order of Reference of Thursday, December 12, 1991, examined the said Bill and now reports the same without amendment.

The Committee stated to the Minister of State for Finance its intention to study those draft regulations that are considered by the Committee to be particularly significant to the financial system, before these regulations take effect.

The Committee received a public commitment from the Minister that he would co-operate fully in this endeavour.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

The Hon. the Speaker: Honourable senators, when shall these four bills be read the third time?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, as regards the procedure, I think that normally we should have had a report from the Senate Committee on Banking, Trade and Commerce for each bill separately to assist the clerk at the Table. However, we granted leave today. I do not want this to be construed as a general authorization. I believe this procedure created some problems for the Clerks.

[*English*]

Hon. Michael Kirby: Honourable senators, I wonder if I might make one comment in order to draw the attention of the house to the four committee reports that were just tabled by my colleague Senator Poitras. You will notice that in those reports there is a statement to the effect that the committee intends, early in the new year, probably in February, to hold hearings on draft government regulations pertaining to these four bills.

I emphasize "draft regulations" because the minister, in his appearance before the committee yesterday, committed himself to making the major draft regulations available to the committee in time for public hearings to be held and for the

committee to give its reaction to those draft regulations to the government before the regulations are finalized. The minister made it clear yesterday that he finds the input from the Senate Banking Committee very useful in his development, not only of policy, but of regulations as well.

This is a significant step forward for the committee. I wanted to draw the attention of this chamber to the fact that the Banking Committee will now not only be commenting on legislation as it comes through, but will also be commenting on regulations which are in draft form and which will be given to us in sufficient time to allow us to hold public hearings and give our report to this chamber and to the government before the regulations are finalized.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before we dispose of this legislation I think the Banking Trade and Commerce Committee should be commended for the excellent work it did during the pre-study phase of these four bills. The pre-study was actively participated in by both sides and led, as Senator Kirby pointed out yesterday, to a number of suggestions being incorporated as amendments in the final version of the bill.

Lest I be accused of self-congratulation, I would like to quote from the speech made in the House of Commons at third reading on November 27 by the minister responsible for the bills when he said:

> In particular, I want to thank the other House for its pre-study of the legislation . . . .
>
> All of the pieces of legislation I have mentioned have benefitted from the open, intelligent and co-operative committee forces they have gone through, both in this House and in the other place.

This should be drawn to the attention of all honourable senators, particularly those who have hesitations about pre-study. Should we ask for it again, I am convinced they might have second thoughts.

Hon. Allan J. MacEachen: The statement of the Deputy Leader of the Government confirms the worst fears that we held about this unparliamentary practice of pre-study. The minister has confirmed, in the statement which the deputy leader apparently likes very much, that the Senate is a subordinate body to the House of Commons—

Senator Lynch-Staunton: I never said that.

Senator MacEachen: —and that in order to have success the Senate must feed its work to the House of Commons so that amendments can be made over there.

Senator Lynch-Staunton: Should we be a rubber stamp?

Senator MacEachen: That is a total violation of the independence of the Senate, which ought to be respected. This cries out once again for an early reform of this institution. I would protest more vigorously against this practice were I not convinced that it is hardly worthwhile in view of the imminent demise of this body, which demise has been accelerated by the statement of the deputy leader this morning.

[*Translation*]

Senator Molgat: Honourable senators, regarding the comments of my colleague, Senator Lynch-Staunton, Deputy Leader of the Government in the Senate, who was reading to us the words of praise spoken by the Minister in the other place. I want to repeat once again to make it clear that if we agreed this morning to speed up the procedure by one day, this is in no way linked to . . .

Senator Frith: In fact, it is "in spite of"!

Senator Molgat: Precisely. In fact, the speech would almost be enough to make me revoke the leave I granted a little while ago, if it was possible.

This authorization is in no way linked to the preliminary examination of a bill. From a practical point of view, there may be some advantage to this procedure. However, there is no way that it should diminish the role of this Chamber.

Over the years, when that procedure was used, it was always thought that the House of Commons was doing the work when in fact it was done here in the Senate.

We will discuss that a little later, when we consider another bill—I refer in particular to Bill C-18—where we shall insist that proper procedure be followed. When the Senate does its job well and in the proper fashion, the Senate and the Canadian parliamentary system benefit. There are two separate houses. We are not subordinate to the House of Commons.

The only reason I granted leave is because we have Royal Assent today. It has nothing to do with the pre-study.

• (0930)

[*English*]

Senator MacEachen: We got a pat on the back from the minister, and we have to purr over it.

Senator Lynch-Staunton: For improving legislation.

Senator MacEachen: What obsequiousness!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on this question of pre-study I want it to be very clear for the record that I associate myself, four square, with everything that Senator MacEachen and Senator Molgat have said, including the comments Senator MacEachen just made.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion for the third reading of Bills C-4, C-19, C-28 and C-34?

On motion of Senator Poitras bills read third time and passed.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 6,840 residents of the province of Quebec who object to the goods and services tax.

Most of these petitions are from Montreal, Sherbrooke, Waterville, Rouyn-Noranda and Granby.

I also have the honour to present petitions signed by 10,053 residents of the province of Ontario, who object to the goods and services tax.

Most of these petitions are from Toronto, Guelph, Cornwall, Chesterville, Port Colborne, Windsor, Hamilton, Wawa, Mississauga, Thornhill, Bobcageon, Waterloo, Owen Sound and Scarborough.

● (0940)

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a more modest contribution to the petitions still arriving, and I am glad to have the opportunity to present them on this anniversary to further prove that the opposition to this infamous tax is far from over in spite of what happened a year ago.

The petitions are in the form of previously tabled and presented petitions calling on senators and MPs, those that are the true representatives of the people, to do everything possible to abolish the new goods and services tax and demanding a general election immediately.

The petitions are from Ontario and Quebec. There are 5 petitions from Ontario with a total of 115 names, and 1 petition from Quebec with 19 names. The total is 6 petitions and 134 names.

QUESTION PERIOD

TRANSPORT

DRYDEN INQUIRY—EXPECTED RELEASE OF REPORT

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wish to ask a question of the Deputy Leader of the Government in the Senate in the absence of the Leader of the Government.

In March of 1989, there was a disastrous air crash in Dryden, Ontario, and 24 passengers died. Subsequent to that, the government established commission of inquiry under Judge Moshansky. That commission has now been sitting for some two years, and it is dealing with a very important subject. I have raised the question previously in the Senate regarding Canadian safety standards for aircraft. It is important that we receive this report as quickly as possible because, from the indications at the time of the crash, we need to substantially improve Canadian safety standards, particularly with respect to winter flying. Could the deputy leader find out when we may expect this report?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Enquiries will certainly be made and hopefully an answer will come to us next week.

[*Translation*]

GOODS AND SERVICES TAX

EFFECTS ON FRANCOPHONE PRESS IN CANADA

Hon. Eymard G. Corbin: Honourable senators, my question is for the Deputy Leader of the Government in the Senate.

The French-language press throughout the country is suffering greatly from the tax measures imposed in legislation introduced by this government.

Weeklies from Vancouver to Nova Scotia may no longer be viable, owing to Canada Post's excessive charges and methods and especially because of the impact of the GST on their rates.

Weekly newspapers like *Le Soleil* in British Columbia, *Le Petit-Courrier* in Nova Scotia and *Le Madawaska* in New Brunswick can barely keep their heads above the troubled waters of the recession, which as we know was made in Canada.

The French-language press outside Quebec is for all practical purposes one of the major modes of communication between these scattered French-speaking groups in the country.

Would the gouvernment agree to consider, examine and look into the impact of its policies on these French-language weeklies? I am speaking for my constituency.

I believe that it would be true to say that this impact is also felt in what is generally called the ethnic press, although that is not a term I like.

Would the government, in a spirit of national reconciliation and good will, agree to look into this issue and consider it? Otherwise, several French-language weeklies are done for. They can no longer absorb the costs.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, the honourable senator will surely understand that I cannot give him an answer today, but I will certainly see to it that his statement and concerns are passed on to the appropriate authorities. I will see to it that he has an answer as soon as possible.

[*English*]

FOREIGN AFFAIRS

YUGOSLAVIA—OBSERVANCE OF U.N. PROTOCOLS

Hon. Raymond J. Perrault: Honourable senators, I have a question concerning the tragic events occurring in Croatia and the former country of Yugoslavia. The events there exceed all bounds of humanity, decency and intelligence. Not only is the loss of life tragic and unacceptable, but cultural genocide is being perpetrated.

Dubrovnik has been designated as a UNESCO world treasure. It is part of the common heritage of all mankind. How can one explain or understand the inability of the world to meet this disaster with a constructive and effective course of action? I am not attacking the government. I am appealing to the government to explain to us why it is not possible for us to raise at the United Nations with the Secretary General the issue of the destruction of these human and cultural values?

Canada signed a protocol on June 8, 1977, which prohibits any bombardment of populations, or any bombardment which leads to the deaths of victims, such as the victims of this conflict. The protocol that we signed specifically uses the words "bombardment" and the phrase "loss of life". As well, it refers to the "common heritage of mankind" and states that action to destroy these values is clearly contrary to international law.

I am asking the government to explain to us why it seems to be impossible for any nation to move ahead at the United Nations and invoke the protocols signed by almost all of the countries of the world in 1977 prohibiting bombardment of the kind that is occurring to-day.

The actions taking place in Dubrovnik are directly contrary to international law. It was anticipated as early as the nineteenth century and as recently as 1949 and 1977 that tragic incidents of this kind would occur. In 1977, the additional protocols were added to the earlier agreement.

My question for the government is: How long will we allow this madness to continue? We are now seeing the 16th or 17th truce in Croatia. Every truce seems to be broken. In the meantime, people are dying.

Here is a world treasure, the heritage of all mankind, and it is being systematically blasted into oblivion. Apart from some handwringing, expressions of dismay and expressions of concern, the world appears to be standing by and doing very little.

We were so anxious, honourable senators in the name of humanity, to enter the joint action in Iraq and Kuwait. We deplored the fact that human lives were being destroyed, that human rights were in jeopardy, and that we had a responsibility to protect human life. Is the human suffering in Yugoslavia today less important than that which occurred in Kuwait and Iraq?

Senator Doody: Do you have a question? This is a statement.

Senator Perrault: This is part of my question.

Senator Doody: The rules permit you to speak—

Senator Perrault: I will make a statement at the beginning of the week as well.

Senator Doody: I hate correcting you, senator, because you are such a wonderful man.

• (0950)

Senator Perrault: You demonstrate that you are not as concerned about human rights as others here are.

Senator Doody: I am concerned about my rights.

Senator Perrault: My question to the government is the following: How long are we to stand by and allow this disaster to continue without some positive initiative by Canada at the United Nations to invoke the protocols that we have signed in good faith on so many occasions?

Hon. John Lynch-Staunton (Deputy Leader of the Government): I agree with Senator Doody that what we have heard is not so much a question as a statement of concern which is shared by all. I hesitate to go any further because I am not privileged to have the leader's briefing notes and any answer I give may be incomplete or perhaps even erroneous. I would prefer to let it go at that, as the senator will certainly want to come back to this topic next week.

Senator Perrault: A statement would be appreciated next week, but several hundred more people will have died by then.

FOREIGN AFFAIRS

PROPOSED CANADIAN AID TO SOVIET UNION

Hon. H.A. Olson: Does the Deputy Leader of the Government have a copy of the statement by the minister respecting Canada's participation in foreign aid to what was the Soviet Union, but which obviously will be named something else before long?

The Leader of the Government in the Senate told me yesterday that he would put that statement on the record today because he has carried it in his book for two or three days. If the deputy leader does not have it, I will accept that. However, in case I do not return on Monday, perhaps it could be put on the record then so that it would appear in *Debates of the Senate* on Monday or Tuesday of next week.

Senator Lynch-Staunton: I have made good note of that, Senator Olson.

ANSWER TO ORDER PAPER QUESTION

CANADIAN MUSEUMS OF CONTEMPORARY PHOTOGRAPHY AND CARICATURE

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 11 on the Order Paper—by Senator Molgat.

FEDERAL REAL PROPERTY BILL

THIRD READING—REQUEST FOR TRANSCRIPTS OF COMMITTEE PROCEEDINGS—ORDER STANDS

On the Order:

> Third reading of Bill C-3, An Act respecting the acquisition, administration and disposition of real property by the Government of Canada.

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, I have been attempting to obtain the transcript of the committee hearings on this particular bill. I spoke on this bill on second reading and raised a number of questions. I was unable to be at the committee meeting itself because I was attending another committee meeting at the time and, try as I might to get transcripts, I have been unable to get them. I would ask that this matter be deferred.

Order stands.

INCOME TAX ACT
CANADA PENSION PLAN
CULTURAL PROPERTY EXPORT AND IMPORT ACT
INCOME TAX CONVENTIONS INTERPRETATION ACT
TAX COURT OF CANADA ACT
UNEMPLOYMENT INSURANCE ACT
CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION ACT
CANADA-NOVA SCOTIA OFFSHORE PETROLEUM RESOURCES ACCORD IMPLEMENTATION ACT

BIIL TO AMEND—THIRD READING—MOTION TO ADJOURN DEBATE NEGATIVED

On the Order:

> Third reading of Bill C-19, An Act to amend the Income Tax Act, the Canada Pension Plan, the Cultural Property Export and Import Act, the Income Tax Conventions Interpretation Act, the Tax Court of Canada Act, the Unemployment Insurance Act, the Canada-Newfoundland Atlantic Accord Implementation Act, the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act and certain related Acts.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Bill C-18, characterized at second reading as a telephone book because it is the size of a telephone book, has bounced back to us from the committee remarkably quickly. Before being sent to committee following second reading, it was made clear that there was a good deal of work to be done by the committee on this bill. Specific weaknesses in the bill were criticized at second reading debate. Also mentioned was the traditional duty, responsibility and the usual eagerness of the Senate to fulfil its constitutional role and tradition of paying close attention to detail in bills, especially where the bill is a long one. There is the obligation of ensuring that nothing has fallen between the cracks. All of that is particularly true with reference to a taxing bill.

I believe that over the years the people of Canada have come to rely on the Senate and the Standing Senate Committee on Banking, Trade and Commerce, in particular, to use its membership and staff, normally well qualified to deal with these issues to carefully study a bill. The committee should be able to reassure the Senate that it has taken the time to examine the legislation. Certainly, that was what was done under the chairmanship of Senator Hayden.

Hon. John Lynch-Staunton (Deputy Leader of the Government): We should have had a pre-study.

Senator Frith: Of course. That would be the way if we want to continue the new tradition of transforming the Senate into a subcommittee of the House of Commons.

Senator Lynch-Staunton: No, an old tradition revived.

Senator Frith: I am not speaking of pre-study. Senator Lynch-Staunton is a great supporter of this change in the order in which legislation is to go through Parliament as conceived by the Fathers of Confederation. However, setting aside what we might call the "Lynch-Staunton amendment" to the Constitution—

[Senator Molgat.]

Senator Lynch-Staunton: No, Senator Hayden's amendment.

Senator Frith: I am now talking about the traditional procedure and not whether pre-study would have helped in this case. It seems to me that the intervention about pre-study is irrelevant on two grounds: first, pre-study, as Senator MacEachen has pointed out, entirely changes the constitutional scheme of the national legislature and, secondly, it is irrelevant because it did not take place anyway.

This bill, the size of a telephone book, has—

Senator Simard: Some telephone books.

Senator Frith: Yes, some telephone books. In fact it is larger than many and probably larger than most telephone books. I am prepared to have Senator Simard do a study on that, if he wishes. However, he has no information to the contrary that this bill is larger than many telephone books—I say that to make it clear on the record for anyone reading the *Debates of the Senate* that the legislation I am talking about is not some flimsy three, four or even dozen sectioned bill. This bill has, including the appendix, 397 pages. In addition to the appendix, it has 257 complicated, closely worded provisions imposing taxes on the Canadian people.

What does our committee do, under the dominance and chairmanship of the government after receiving the bill earlier this week? At second reading debate, the committee was encouraged to study its weaknesses and to handle the bill responsibly. It was to be studied in accordance with Senate traditions, particularly on tax bills, and here we have it back today.

• (1000)

I am very curious to know what went on in that committee. I do not have the transcript or the report showing the proceedings of that committee yet. When I do, I will want to say something further about how it is that we have this bill back so quickly, within a matter of a day or two, the study of which should have taken at least a month or two rather than a day or two.

Honourable senators, pending receipt of the proceedings of the committee and the opportunity to make further interventions based on that information, I move the adjournment of the debate.

The Hon. the Speaker *pro tempore:* Honourable senator, before the motion for the adjournment of the debate is put, I think Senator Simard should move third reading. Then the debate could be adjourned.

Senator Frith: I thought it had been moved.

The Hon. the Speaker *pro tempore:* No, it was not.

Senator Frith: That is even better news. Look at that. We have got the thing, and it has not even been moved yet.

Senator Simard: Are you all right now, Senator Frith?

Senator Frith: I am always all right.

Senator Simard: All right. I am glad that you are.

Senator Frith: And you?

Senator Simard: I am quite all right.

Senator Frith: Are you speaking to the motion to adjourn?

Senator Simard: No, sir, because you obviously stole my opportunity to speak on it.

Senator Frith: The Speaker wants to put the motion.

Senator Simard: Usually, the sponsor of the bill is allowed to make the first speech.

Senator Frith: The Speaker wants the motion put first.

The Hon. the Speaker *pro tempore:* I want you to move third reading of Bill C-18. That is all.

Senator Simard: First, if you tell me, Your Honour, that you have accepted the motion to adjourn, I will say that I am against that amendment, and I am prepared to vote against it.

Senator Frith: It is not an amendment.

Senator Simard: If you are telling me that you have not received that motion to adjourn, then I would certainly offer my comments on third reading.

The Hon. the Speaker *pro tempore:* I have not received a motion to adjourn.

Senator Simard: Thank you. I will address the bill, then.

Senator Olson: You have to move third reading, if you want to speak.

[*Translation*]

Senator Simard: Could I move third reading now?

The Hon. the Speaker: It is moved by Senator Simard, seconded by Senator Di Nino, that the bill be now read for the third time. Is it your pleasure, honourable senators, to adopt the motion?

[*English*]

The Hon. the Speaker *pro tempore:* Now you can move your motion.

Senator Frith: For the reasons earlier expressed, I move the adjournment of the debate so that I can have an opportunity to look at the proceedings in the committee.

The Hon. the Speaker *pro tempore*: Honourable senators, it was moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat, that further debate be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Senator Simard: Your Honour, I have made a motion that needs to be put before you accept another motion, I believe. However, I am in your hands. I will do whatever you decide.

The Hon. the Speaker *pro tempore*: I did put the motion, senator.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, of course Bill C-18 affects many other pieces of legislation. It is a huge document, and a complex one in the eyes of several people, but nevertheless a bill incorporating technical aspects or amendments that have received adequate consideration in the other place and even in your committee for me to recommend swift passage.

The committee, at least most of its members, were happy with the witnesses who testified. Granted, this bill was referred to us perhaps only a week ago.

[*English*]

Senator Frith: Are you speaking on the bill or on the motion to adjourn the debate?

Senator Simard: I am speaking on my own motion, because your motion has not been received, I am told.

Senator Frith: The Speaker said he received it and put it.

Senator Simard: No. I believe you put my motion, did you not?

Senator Frith: No, he did not.

Senator Simard: There were two motions, and my motion —

Senator Frith: The motion was put—

Senator Simard: —has to be dealt with first.

Senator Frith: That is not correct.

Senator Simard: Your Honour, would you tell us —

Senator Frith: Senator Simard is quite right. He put the motion for third reading. The Speaker turned to me, and I stood and said, "I move the adjournment of the debate for the reasons expressed," and he put the motion to adjourn the debate. Therefore, the motion before the House now is the motion to adjourn the debate. That is what happened, is it not, Your Honour?

The Hon. the Speaker *pro tempore:* First of all, Senator Frith got up and spoke before I had the opportunity of asking you, Senator Simard, to move third reading of the bill. After I asked you to move third reading, you did move third reading. Then Senator Frith got up and moved the adjournment.

Senator Frith: What is before us is the motion to adjourn the debate.

Senator Simard: I can address your motion to adjourn. I am certainly not prepared to accept that, because it is obviously a way for the opposition and Senator Frith to further delay and prevent the orderly business of this house.

Senator Frith: It just came up for third reading, for goodness sake. Is that delay?

Senator Simard: Yes. Obviously at this stage of the game, it is. We know what kind of game you people play over there. Perhaps experts in procedure might say differently. I am certainly opposed to adjourning the motion. I think Senator Frith should do as is done generally; that is, even if he wants to

adjourn the debate, if he is not prepared to speak to the matter, he should let other members speak to the bill.

Senator Frith: No problem.

Senator Simard: That is my point. If Senator Frith—

Senator Frith: Is that your only problem?

Senator Simard: —wants to withdraw temporarily and sit on his amendment and so inform the chair, perhaps some of us can then speak to the bill.

Senator Frith: It is not an amendment. Honourable senators, I have no difficulty with that at all. I want to adjourn the debate so that I can have an opportunity to see what happened in the committee for the reasons I expressed. I cannot understand why that causes difficulty. I have known members on the other side to do that time after time after time, and it is quite reasonable.

However, if Senator Simard is saying, "Can I now speak on the debate on third reading and thereby suspend the motion to adjourn the debate," of course I am prepared to let him and anyone else, speak. But I want it to be very clear that until he said that, he was opposing the motion to adjourn the debate. I am quite prepared, as is usual when one moves the adjournment of a debate, to give other people an opportunity to speak. Of course I am perfectly happy to do that as long as it is clear that it is being suspended and that the motion that will be put after every senator who wants to has spoken, is to adjourn the debate.

The Hon. the Speaker *pro tempore:* Honourable senators, I repeat for the third time, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat, that further debate be adjourned until the next sitting.

Senator Frith: That is the motion. Senator Simard is asking, for whatever good reason, to speak now. He is the sponsor of the bill. Will I yield on the motion to adjourn in order to give him a chance to speak to the third reading debate? Of course I am perfectly happy to have him do that, as well as anyone else who wishes. However, when that debate is all finished, I want the motion to adjourn to be put. By that, I mean adjourn the debate; not the Senate.

The Hon. the Speaker *pro tempore:* Senator Simard.

[*Translation*]

Senator Simard: It is so unusual for Senator Frith to be unclear that I was puzzled by what I had heard. Even his Honourable the Speaker did not seem to understand what Senator Frith meant because he had not been as clear as usual.

I thank him for allowing us to proceed at this time with Bill C-18 and to deal with the reasons why we believe this bill must be passed as soon as possible.

As I said earlier, this legislation affects several other pieces of legislation. It is an impressive document which, admittedly, has had to be considered in a very short time.

A clearer format would have been welcome. At any rate, as honourable senators know full well, this bill, if passed, will have a positive effect on the situation of many taxpayers.

[Senator Simard.]

This is, in our opinion, a strong reason for the Senate to pass this bill.

• (1010)

[*English*]

I will provide a brief overview of the bill and then discuss some specifics. I will not repeat all the arguments I made when I spoke to the bill on second reading. I will try to address the points that Senator Frith and others have addressed in this chamber and in committee; points with respect to which answers were received in committee.

Bill C-18 incorporates the income tax measures that were included in the budgets of 1990 and 1991; several items which were announced through press releases in 1990 and 1991; and a large number of technical amendments that were originally announced in July of 1990. It is important to make clear that, with the exception of the 1991 budget measures, all the items that are included in the bill have been released for public reaction, and a number of changes were made in response to comments obtained through public consultation.

Although the bill was received this week from the other place, it has been circulating on the Hill for several months, at least since the spring. The measures and technical changes contained in the bill have been discussed at length by all kinds of organizations, tax experts, community groups and northerners who will be affected by some of these changes. Not only has the discussion on these measures been ongoing since May of this year, some of them have been discussed for two or three years. Some incorporate necessary measures that have been in the works since 1985.

I will say later how the government intends to follow the recommendations of our committee and how it intends to bring forward changes on a more timely basis so that we do not have to deal with so many clauses all at once every five or six years.

Among the subjects dealt with in the bill are: donations and certifications of cultural property; foreign-controlled mutual funds; dispositions of real property by residents; registered education savings plan limits; foreign property limits for pension plans; and an extension of the capital tax imposed on financial institutions to life insurers. Other provisions deal with improved tax treatment for the disabled, for artists and for small business corporations going public. Many measures are designed to make the tax system more effective and fair, such as the provisions dealing with northern benefits and allowances. Surely, Liberal senators will not be against these type of measures.

Senator Stewart: To which clause are you referring, Senator Simard, please?

Senator Simard: Look it up in the book. You will find it, even though I know you were not there.

Senator Frith: It has 396 pages. Can you at least say it is in the 300s?

Senator Simard: I must admit that I am not legally trained. It does not matter if it is clause 46(b) or 195(z). It is there in the bill. Find it. You will understand.

Senator Frith: Could you give us the page number, even roughly?

Senator Simard: The Senate committee ensures that you have research people to do that type of work.

Senator Frith: Could you give us the page, say, within 50 pages? It has around 400 pages. Is it around page 200, page 30, or somewhere in between?

Senator Simard: Why do you have to be so agitated? Are you still recovering from the GST debate, the first anniversary of which we celebrate today?

Senator Frith: Because you are a very agitating fellow, that is why.

Senator Simard: Thank you.

Senator Molgat: It is obvious that Senator Simard has studied the bill carefully.

Senator Frith: Can you not give us any help as to where it is, not even within 100 pages?

Senator Simard: If you will listen, you will find out.

Senator Molgat: He was carefully studying the bill while it was circulating on the Hill!

Senator Frith: Maybe someone who saw it circulating on the Hill can tell us what clause it is you are referring to.

Senator Simard: I do not think it would be the proper day for Senator Frith to see his publisher, if that is what he intends.

Senator Frith: What are we talking about now?

Senator Simard: Your book.

Senator Frith: I can tell you about that. What page?

Senator Perrault: You are holding your notes upside down.

Senator Simard: I do not even intend to read it. I have all kinds of time, I do not know about you.

Senator Frith: Just within 100 pages will do, to start.

Senator Simard: Honourable senators, as I was saying, in committee, officials from the Department of Finance were able to clarify a number of issues raised by honourable senators. For example, officials explained that changes in RESPs were made to tighten up the rules already in place. Students must be in full- time education and at a designated post-secondary educational institution enrolled in a qualifying educational program. That information was given as the result of a question posed by Senator Thériault. The program has been subject to growing abuse, and these changes were made to eliminate such abuse.

Again, I am sure Liberal senators would have to agree that it is the duty of government to put an end to such abuses. This is one of the things that this bill does.

With respect to small businesses, to help a Canadian- controlled private company concerned about the cost of capital, the government introduced an enhanced capital gains exemption. This will encourage investment in a private company and will not be an impediment to going public.

The bill quite clearly provides for tax benefits for Canadians with disabilities. Again, I am sure Liberal senators would want payments to be made to disabled people as soon as possible. Further delay of the passage of this bill will not allow that.

Other bills, which deal with changes to the Canada Assistance Plan, limit transfers to such groups. The issue relates to the other bills—not this one.

There are technical changes in this bill which deal with the disabled. Other changes that affect the disabled may be found in Bill C-32. When that bill is brought before us, honourable senators will have an opportunity to discuss the nature of those changes. What this bill does in terms of technical changes is serve to harmonize language. Major changes affecting the disabled will be found in Bill C-32.

Why, then, does Senator Frith create a smoke-screen by saying that he has to look at all the details? Senator Haidasz has said that a clause-by-clause study of the bill needs to be done in order to do justice to the bill. Contrary to that request, I do not think that has been the practice over the years. Some bills have received clause-by-clause study—and I see Senator Frith nodding his head—but not all bills.

Senator Doody: The GST certainly did not.

Senator Simard: I do not want to be partisan. That is not my type of approach. If you tempt me, Senator Doody, I might do just that. But we certainly did not do it back in September—

• (1020)

Senator Frith: You are prepared to let Senator Doody be partisan?

Senator Simard: —of 1990 or later on in this place. Therefore, I do not think our members here should be fooled by the arguments of Senator Frith when he says that because we have not done a clause by clause study, or because we have not analyzed and checked every word of this 400-page bill, that this is so terrible, because it is not.

With respect to northern benefits, there were questions in committee as well on this matter. I believe Senator Frith will find when he checks the blues as he says he will, that the changes introduced are as a result of an independent working group which reported to the government in October of 1989. We are now in December 1991. For over two years, this information was public, was available, and has guided the drafters and the government in coming out with Bill C-18. These things should not come as a surprise to Senator Frith or to any one of us here.

In fact, there is to be a northern region, and that was the essence of this group's request. There is also to be an intermediate region. There will be minimal change in the number of people who are eligible, but this system is now much fairer.

Finally, officials from the Department of Finance acknowledge the bill was lengthy and cumbersome, as we readily admit on this side—an unfortunate situation which we are trying to

rectify. They stated the intent to release a technical bill on an annual basis every fall so that as technical changes accumulate, they can be released at the same time every year. In that way, there will not be such massive bills in the future that become difficult to deal with, as we admit this one was.

The officials also indicated, in fact, that they are getting very close to finalization of another technical bill with an accumulation of changes after July of 1990. In this manner, changes of a technical manner will become a regular process whereby the public and the members of the concerned Parliamentary committees will have smaller income tax bills to deal with on an ongoing basis in terms of their content.

Of course we are independent, we are autonomous, and we do the work that is assigned to us.

Senator Perrault: Are you trying to talk out the bill?

Senator Simard: But to keep the proper perspective, the elected people on this Hill have had their committee meetings. They had two meetings of an hour and a half in length, while we spent just as much time as they did. We did the work that needed to be done, as have the people on the other side. We have to be careful and we should not always be guided by what they do over there, I suppose.

Senator Perrault: That is the first truthful thing you have said here.

Senator Simard: They are the elected people. They have seen fit to let it pass and to trust the answers of the officials and the department. They realize, no doubt, the public involvement that has gone into the preparation of these bills. I do not know why we should be more finicky than they are.

Senator Frith: They were wrong, so why shouldn't we be wrong?

Senator Simard: I do not think they were wrong, Senator Frith.

[*Translation*]

So, this bill was debated in this House a few days ago. The Standing Senate Committee on Banking, Trade and Commerce proceeded with its study as planned. Representatives from the Department of Finance were able to clarify certain questions when they appeared before the committee.

The bill was examined as required. Furthermore, it is essential for taxpayers to be able to exercise their right to certain benefits on their income tax return.

It is therefore desirable, honourable senators, that this House adopt this legislation as soon as possible.

Thank you.

Hon. Eymard G. Corbin: Would Senator Simard entertain a question?

Senator Simard: Of course, Senator Corbin.

Senator Corbin: Senator Simard, you often use, and you did so this morning, the term "technical bill". Could you explain what you mean by "technical" in this context?

[Senator Simard.]

Senator Simard: Honourable senators, I did not say it was a 100 per cent technical bill. I said it was a bill that contained budgetary measures that go back to the 1990-91 Budget, and which also had a substantial number of technical amendments that have the effect of harmonizing the terms we find in the Income Tax Act with the terms in the Unemployment Insurance Act, for instance, which is affected by this legislation. That is more or less what I was referring to. In fact, Bill C-18 is full of this type of amendments.

Senator Corbin: Senator Simard, what surprises me is that you went on to say that technical amendments were the exclusive purview of the experts at the Department of Justice or the Department of Finance. It is not the first time this term has been used by you and by others in this House.

After some quick research, I discovered that there are no technical amendments and no technical laws. Nevertheless, this usage has been coined in Parliament. I think it is meaningless. On the pretext that a piece of legislation is technical, we are asked to trust the officials of the Department of Finance or the Department of Justice and to pass a bill as soon as possible. After careful study by people who are more interested in doing the work of legislating, we see that these technical amendments sometimes involve taxes or charges of millions of dollars.

That was the case recently when we were presented with amendments to the Financial Administration Act. These technical amendments contained a fundamental change in the government's approach to certain charges borne by taxpayers. I am not prepared to go along with you in calling such things "technical".

The technical people in Parliament are the legislators. You know that very well, Senator Simard. You have vast experience in New Brunswick, I grant that. Here, you are given responsibilities in your caucus in the Senate. You know very well that bureaucrats do some things that do not always tie in with what the government or parliamentarians want.

I do not know why you fell into the trap of calling amendments "technical" when we well know that our duty as legislative technicians is to examine all bills and what they contain.

In future, I would appreciate it if you used some other expression. As a technical specialist on the laws of the Parliament of Canada, I do not go along with you.

Senator Simard: Perhaps the term is badly chosen, but it is used by many people to describe this process of adjusting and harmonizing our laws and so on. Maybe you should suggest another word for us.

That is one of the questions I asked someone who usually does that work in the Library of Parliament and who is assigned to some Senate committees. I was somewhat worried, a bit like you, and I was able to find cases as well as amendments of that nature that generated additional costs for taxpayers. In fact, I mentioned some earlier this week during a debate on second reading.

I was told in committee that there would be no impact on costs. In other words, the government did not expect these

changes would mean higher taxes for taxpayers. We have to take their word as far as that is concerned.

As for the problems in grasping everything and understanding this issue, I must look to others. The person I consulted said: Listen, I spent three hours examining this bill. I have only gone through 75 pages and I did not find any error.

If this is what we have to do and if we cannot trust some civil servants or others, I believe that we will have to use our time in a different way.

In our parliamentary system, the ministers have to face the consequences or take responsibility for the actions of their officials.

I am not one of those who will blame the civil servants in six months or in two or three years for their actions. Maybe I would replace these civil servants, but we have to assume responsibility. Until proof to the contrary, I believe that things work reasonably well.

Senator Corbin: Senator Simard, I am not blaming nor criticizing anybody. I am simply saying that we parliamentarians have the responsibility to examine thoroughly not only the spirit but also the letter of the parliamentary documents referred to us.

In the final analysis, if a bill is defective and the flaw is due to a lack of careful examination on our part, we parliamentarians will be criticized. The civil servants do their best. The drafters do all they can to write bills that are in keeping with certain practices and traditions. But when I saw, this week, the bricks that were brought to us in the Banking, Trade and Commerce Committee, as well as in the National Finance Committee, and when I heard the motions asking us to adopt these bills because they were just technical bills, frankly it gave me goosebumps.

I do not want to be associated with that kind of procedure, in the name of technicality, because we did not have enough time to do our job well.

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat, that debate be adjourned until the next sitting of the Senate.

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

• (1030)

[*English*]

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "nays" have it.

Senator Molgat: Unbelievable action.

Senator Frith: How do you propose to run this place that way?

Senator Molgat: Refusing an adjournment, that is fine.

Senator Frith: We will have a vote.

And two honourable senators having risen:

The Hon. the Speaker *pro tempore:* Call in the senators, please.

Senator Phillips: Honourable senators, I believe there is agreement between the whips—

Senator Frith: You made your bed; lie in it.

Senator Phillips: Would you please—

Senator Frith: No, there is a vote called, sir.

Senator Phillips: There is an agreement for a 15-minute bell.

The Hon. the Speaker *pro tempore:* Honourable senators, the bell will ring for 15 minutes.

The Hon. the Speaker *pro tempore:* Honourable senators, it was moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat, that further debate on the motion of Senator Simard for the third reading of Bill C-18 be now adjourned.

Motion negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams,	LeBlanc (*Beauséjour*),
Corbin,	Leblanc (*Saurel*),
De Bané,	MacEachen,
Fairbairn,	Molgat,
Frith,	Olson,
Gigantès,	Perrault,
Graham,	Stewart—16.
Hébert,	
Kirby,	

NAYS

THE HONOURABLE SENATORS

Atkins,	MacDonald (*Halifax*),
Barootes,	Macquarrie,
Beaudoin,	Meighen,
Bolduc,	Murray,
Carney,	Nurgitz,
Chaput-Rolland,	Oliver,
Cochrane,	Ottenheimer,
Cogger,	Phillips,
David,	Poitras,
Di Nino,	Robertson,
Doody,	Ross,
Grimard,	Rossiter,
Johnson,	Simard,
Kelleher,	Spivak,
Kinsella,	Sylvain,
Lavoie-Roux,	Teed—33.
Lynch-Staunton,	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

[*Translation*]

THIRD READING—MOTION TO ADJOURN DEBATE NEGATIVED

Hon. Eymard G. Corbin: Honourable senators, since we are continuing with third reading debate on Bill C-18 and since I am not at all satisfied with the way Senator Simard answered my questions, I move, seconded by the Honourable Senator Graham, that the debate be adjourned.

[*English*]

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Corbin, seconded by the Honourable Senator Graham, that further debate on the motion for third reading of Bill C-18 be adjourned.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

An Hon. Senator: Will this be a 15-minute bell?

Hon. Royce Frith (Leader of the Opposition): There will be no 15-minute bell this time. It will ring for an hour.

The Hon. The Speaker *pro tempore:* Honourable senators, I am informed by the Clerk Assistant that the bell will ring for an hour.

Senator Simard: Unless we agree.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): There will be no 15 minute bell. We are following the rules. The rules say an hour and it will be an hour!

Senator Frith: Listen to that, children! The next time you ask to adjourn the debate, we will see how you feel about it.

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

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators opposed to the motion please say "Nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker *pro tempore*: Please call in the Senators.

• (1050)

Hon. the Speaker *pro tempore:* Honourable senators it was moved by the Honourable Senator Corbin, seconded by the Honourable Senator Graham, that further debate on the motion of Senator Simard for third reading of Bill C-18 be now adjourned.

Motion in amendment negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Corbin,	LeBlanc (*Beauséjour*),
Fairbairn,	Leblanc (*Saurel*),
Frith,	Molgat,
Gigantès,	Olson,
Graham,	Robichaud,
Hébert,	Stewart,
Kirby,	Thériault—14.

NAYS

THE HONOURABLE SENATORS

Atkins,	MacDonald
Barootes,	(*Halifax*),
Beaudoin,	Macquarrie,
Bolduc,	Murray,
Chaput-Rolland,	Nurgitz,
Cochrane,	Oliver,
Cogger,	Ottenheimer,
David,	Phillips,
Di Nino,	Poitras,
Doody,	Robertson,
Grimard,	Ross,
Johnson,	Rossiter,
Kelleher,	Simard,
Kinsella,	Spivak,
Lavoie-Roux,	Sylvain,
Lynch-Staunton,	Teed—31.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

[*Translation*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

13 December, 1991

Sir,

I have the honour to inform you that the Honourable William Stevenson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 13th of December, 1991, at 12.30 p.m. for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

JUDITH A. LAROCQUE
Secretary to the Governor General

The Honourable

The Speaker of the Senate
Ottawa

[*English*]

● (1100)

INCOME TAX ACT
CANADA PENSION PLAN
CULTURAL PROPERTY EXPORT AND IMPORT ACT
INCOME TAX CONVENTIONS INTERPRETATION ACT
TAX COURT OF CANADA ACT
UNEMPLOYMENT INSURANCE ACT
CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION ACT
CANADA-NOVA SCOTIA OFFSHORE PETROLEUM RESOURCES ACCORD IMPLEMENTATION ACT

THIRD READING—DEBATE ON THE MOTION TO ADJOURN THE DEBATE SUSPENDED

Third reading of Bill C-18, An Act to amend the Income Tax Act, the Canada Pension Plan, the Cultural Property Export and Import Act, the Income Tax Conventions Interpretation Act, the Tax Court of Canada Act, the Unemployment Insurance Act, the Canada-Newfoundland Atlantic Accord Implementation Act, the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act and certain related Acts.

The Hon. the Speaker *pro tempore:* Honourable senators, is there further debate?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Are we back on Bill C-18, then, for third reading? I have a great deal to say about the proceedings that have gone on. but I will not do that at the moment.

I wish to propose an amendment to Bill C-18, and I move that we strike out lines 29 to 31 on page 243 of Bill C-18. The clause is absolutely redundant. It states that a certain term:

> "qualifying educational program" has the meaning assigned by subsection 118.6(1)"

That is a ridiculous statement to make because it is simply stating the obvious. I move the deletion of that item.

Hon. Philippe Deane Gigantès: Honourable senators, I move the adjournment of this debate in my name. I would like to speak to it.

The Hon. the Speaker *pro tempore:* Senator Molgat moved, seconded by Senator Frith, that Bill C-18 be amended by striking out lines 29 to 31 on page 243. Is it your pleasure to adopt the motion?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the only point I would make at the moment is a procedural one. We have already heard that the Deputy Governor General will be here at 12.30 p.m. I do know that

honourable senators do not intend to debate the motion that the Deputy Leader of the Opposition has put forward.

Hon. Royce Frith (Leader of the Government): We do not know that yet.

Senator Murray: Senator Gigantès has moved the adjournment of the debate. There is no debate on that. It is a 60-minute bell. My suggestion would be that we have Royal Assent at 12.30 p.m. and then start counting the 60 minutes after that, or we can interrupt the bell for Royal Assent. I do not think the bell can ring during Royal Assent. I will consult the rules in a few minutes, but I do not think we can have the bell ringing.

I invite honourable senators to looks at rule 136(6) which states:

> When a message has fixed a time, pursuant to section (2) above, and a standing vote is a requested for a time which would otherwise be taken at the same time as the arrival of the Personage—

That is the deputy to His Excellency—

> —outlined in the message received in accordance with section (2) above, such standing vote shall stand deferred, if applicable, until immediately after the departure of the Personage in question.

Senator Molgat: Honourable senators, we did not create this situation. The government has only itself to blame for what has occurred because of the unreasonable position taken.

However, I have no objection to the proposal made by the Leader of the Government that we adjourn now at pleasure to await the arrival of the deputy to His Excellency, and then have the time start ticking on the vote when we conclude the Royal Assent ceremony. That would be acceptable.

Senator Frith: Honourable senators, I think we should show that courtesy to the deputy of the Governor General, in spite of the fact that the Deputy Leader of the Opposition and all my colleagues on the other side did not display similar courtesy. Let the record note that the Leader of the Government considers it a joke that his side did not give me the courtesy of adjourning the debate on a bill that had not yet been back in this chamber for even an hour. That is the courtesy we were shown.

However, in courtesy to the Governor General, we should make an arrangement that will suit the deputy of the Governor General.

The Hon. the Speaker *pro tempore:* Is it your pleasure, honourable senators, to adjourn during pleasure until the arrival of the deputy to His Excellency the Governor General?

Senator Molgat: Yes, with the understanding that the time for the vote, which will be an hour, will begin at the conclusion of Royal Assent.

Senator Frith: If there is to be a vote. Once adjourned we are suspending the debate until the deputy to the Governor General leaves and then we will be back to where we are at now with a motion to amend the bill.

[Senator Murray.]

The Senate adjourned during pleasure.

● (1110)

ROYAL ASSENT

The Honourable William Stevenson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Acting Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

> An Act to amend the Excise Tax Act and the Excise Tax (*Bill C-10, Chapter 42, 1991*)
>
> An Act to amend the Criminal Code (mental disorder) and to amend the National Defence Act and the Young Offenders Act in consequence thereof (*Bill C-30, Chapter 43, 1991*)
>
> An Act to amend the Canada Pension Plan, the Family Allowances Act and the Old Age Security Act (*Bill C-39, Chapter 44, 1991*)
>
> An Act to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters (*Bill C-4, Chapter 45, 1991*)
>
> An Act respecting banks and banking (*Bill C-19, Chapter 46, 1991*)
>
> An Act respecting insurance companies and fraternal benefit societies (*Bill C-28, Chapter 47, 1991*)
>
> An Act to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters (*Bill C-34, Chapter 48, 1991*)
>
> An Act to amend the Act of incorporation of Metropolitan General Insurance Company in order to authorize its continuance under the laws of the Province of Québec (*Bill S-6*)

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

● (1120)

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, after discussion with our friends opposite, may I suggest that we suspend the sitting until 2 p.m?

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, that is agreeable to us. I assume that when we come back at 2 p.m. we will be at the stage we were at prior to Royal Assent.

Senator Lynch-Staunton: Yes.

The Hon. the Speaker *pro tempore:* Before leaving the Chair, I would like to invite everyone to come into the Speaker's chambers to enjoy a cup of water, tainted with Christmas spirit.

The sitting of the Senate was suspended.

At 2 p.m. the sitting of the Senate was resumed, the Speaker *pro tempore* in the Chair.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before we proceed, may I be allowed to make some comments. I think it is only fair that I give the background to our earlier refusal to grant Senator Frith an adjournment of the debate on C-18. As members of this House know, despite the best efforts of all involved, the Parliamentary process seems to include a last-minute rush to get priority legislation passed within a very short deadline, and this is what we are coping with now. Bill C-18 is one of a number of bills which the government urgently needs by the end of this year.

We had on many occasions asked the opposition for leave in order to accelerate the passage of key legislation, but this was refused more often than not. So when Senator Frith made his motion this morning, our reaction, certainly mine—and I do not want him to feel that this was anything more than a guess on my part, based on nothing but flimsy evidence, if any—was that this could be interpreted as a delaying tactic and that, on Monday, someone else may ask for the adjournment of the debate, and on Tuesday, and on Wednesday. Then we would be facing an impasse.

On this Bill C-18, particularly, I know the opposition has not been pleased with the way it was handled by the committee, and we know the minority members on the committee had made a statement in the report to that effect. Indeed, we had expected that there would be a debate and perhaps a vote on it. At what stage the vote would take place, of course, we did not know, but we were pretty sure that there would be a vote. As it turns out, when Senator Frith made his motion, our side felt that, if there had to be a decision by a vote, let us take the vote on his motion.

That is the simple reason why we chose that avenue to call the vote. It had nothing to do with limiting the debate or trying to stall the Leader of the Opposition's participation in it. It was simply that we felt a priority had to be given to getting this and other legislation through by a given time.

The government does have an agenda. It does like to cooperate with the opposition, but it cannot have its agenda set by the opposition. This does not mean restricting the opposition's right to scrutinize and debate but it does include an obligation by this house to decide on legislation within a given time frame.

I would suggest, after this explanation, that we could revert to Senator Frith's motion to adjourn the debate. We would look at it more favorably if we could have some—perhaps undertaking would be too strong a word, but certainly some more-than-passing indication, and preferably a strong indication, that this legislation and other key bills will be disposed of without any undue delay. We just have to have these bills by a given date.

That, honourable senators, is, my proposal or suggestion, which I leave with my honourable friends opposite. Perhaps we could discuss it further after hearing their reaction.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I was hoping that we could leave the matter in the context of how serious I think it is for any senator to have a motion for adjournment denied at a time when there has been no delay, let alone undue delay. The bill had been here for minutes—not days, but minutes—when I proposed the motion and I gave a reason for my motion.

I was hoping that we could simply say that the whole thing was a mistake. I was hoping that what Senator Lynch-Staunton proposed would be in the context not of undue delay or government agenda or any of those things, but just that it was an unfortunate development and those things happen. Rather than get into a question that invokes some response concerning the rights of the government and the rights of the opposition, which puts me in a position of having to deal with the other matter, why not leave it simply as an unfortunate development that we could treat as such and allow the motion to stand.

I can say on that one issue, as soon as I have a copy of those proceedings, I am ready to proceed and I do not intend to adjourn the motion again. That was always my intention. But I would really like to show that without getting into a disagreeable exchange with Senator Lynch-Staunton. I understand what he said, but do not tempt us to debate that aspect of the government's agenda, the opposition's rights and so on. Let us leave it on the basis that it developed in an unfortunate way. It was an unfortunate development.

One always has the trouble in a case like this, of keeping one's ego out of it, and leaving it on the basis of what is best for the Senate. But I can say that my ego says that that would be the right thing to do, and if we do it, I will say that for the sake of the Senate, it is best that that is what happens. From there on, we simply forget that it ever happened. That would be my policy, if we can leave it in that simple form and just forget about the business of government agenda and our agenda. That is something that can be debated another time. Let us just adjourn it and get on to the next order of business.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I do not want to add anything to what my leader has said, except to make it clear where we stand. We agree to go back to where we began this morning, when there was a motion by honourable Senator Frith for the adjournment of the debate. That would be accepted, as is. Anything else that happened

after that would not be part of the proceedings. That means that any senator who spoke would still be entitled to speak on third reading. That is my understanding of the situation.

Senator Frith: On either side.

Senator Molgat: I presume that is the understanding on the other side. I think we have made it clear all the way along that we were not unduly delaying anything. What we did do is say, let's follow the rules. When we did not give leave, it was because you were asking to go beyond the rules.

Senator Murray: Right.

Senator Molgat: We simply followed the rules. That is all we were asking to do and we are not asking for anything different now. We are prepared to follow the rules. We are not interested in delaying legislation. We want the rules to be followed and that there be a reasonable debate here. That is what we want.

The Hon. the Speaker *pro tempore:* Senator Molgat, do I understand that you are withdrawing your amendment?

Senator Molgat: Yes.

Senator Frith: I think, honourable senators, if we go to the simple form so that we do not get drawn into anything else, we are by unanimous consent assuming that the proceedings are now at the stage they were at when I moved my motion for adjournment. We will grant that motion for adjournment until Monday, and suggest that His Honour call the next order of business. It is just that simple, is it not, honourable senators?

Senator Lynch-Staunton: Agreed.

● (1410)

INCOME TAX ACT
CANADIAN PENSION PLAN
CULTURAL PROPERTY EXPORT AND IMPORT ACT
INCOME TAX CONVENTIONS INTERPRETATIONS ACT
TAX COURT OF CANADA ACT
UNEMPLOYMENT INSURANCE ACT
CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATIONS ACT
CANADA-NOVA SCOTIA OFF-SHORE PETROLEUM RESOURCES ACCORD IMPLEMENTATION ACT (C-18)

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

On the Order:

Third reading of Bill C-18, An Act to amend the Income Tax Act, the Canada Pension Plan, the Cultural Property Export and Import Act, the Income Tax Conventions Interpretation Act, the Tax Court of Canada Act, the Unemployment Insurance Act, the Canada-Newfoundland Atlantic Accord Implementation Act, the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act and certain related Acts.

[Senator Molgat.]

The Hon. the Speaker *pro tempore:* It is moved by the honourable Senator Frith, seconded by the honourable Senator Molgat, that further debate be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

On motion of Senator Frith, debate adjourned.

[*Translation*]

BUDGET IMPLEMENTATION BILL, 1991

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Atkins, for the second reading of Bill C-20, an Act to amend certain statutes to implement the budget tabled in Parliament on February 26, 1991.

Hon. Jacques Hébert: Honourable senators, every time the present government introduces a new bill, we have the impression history is unfolding in reverse. A new bill often takes us back several years or even decades.

You remember Bill C-21, which was to shake the very foundations of the Unemployment Insurance Program, which had been the pride and joy of Canadians since 1940. Canada's workers remember, as they remember the Prime Minister's promises, confirmed just before the 1988 election by Minister John Crosbie, namely that the Mulroney Government would not touch social programs—programs to which the Prime Minister himself referred as a "sacred trust".

With the support of the great majority of Canadians, the opposition in the House of Commons and the Senate fought a hard fight not to block the bill but to amend it and make it a little more humane. After the Prime Minister used the Queen, as we recall, to obtain a majority in the Senate faster than he was entitled to, the Conservative senators, old and new, impenitent old Tories or former Liberals touched by grace and instantly converted by Mulroney, rushed to pass Bill C-21 without worrying about all the suffering that it would cause.

At the end of 1991, the same government is proposing another retrograde bill, C-20, which brazenly asks us to fill the unemployment insurance fund, to which the government no longer contributes anything, by drawing on employers, who have trouble survicing the continuing recession, and of course on workers, who already have difficulty making ends meet.

We must never forget that in the seventh richest country in the world, more than three million Canadians live below the poverty line. Tens of thousands of them must queue up at soup kitchens, and one child in six is undernourished.

You have all seen the headlines in today's newspapers, following the report of the committee on poverty. One million children live in poverty in the seventh richest country in the world!

Those are the hard realities of which, the citizens of St. John's, Newfoundland reminded the Prime Minister and, what

a coincidence, Minister John Crosbie himself the other day, when these two attended a $500-a-plate banquet with their supporters.

Let us see how Bill C-20 will improve the lot of Canadians in general and the poor in particular.

[*English*]

Bill C-20 is a bill to implement measures announced in the February, 1991 budget. It provides the legislative authority for some of the major initiatives outlined in the budget with respect to the government's expenditure control plan. Several of these measures are in fact extensions of measures originally outlined in the 1990 budget.

Bill C-20 deals with four major areas of the budget. First, it cuts funding for post-secondary education and health care. Increases in sessional and expense allowances for members of parliament and senators will be limited. Bill C-20 will amend the Public Utilities Income Tax Transfer Act for the purpose of limiting federal transfers to the provinces until 1996. Finally, and for me the most disturbing, it substantially increases unemployment insurance premiums. Before I deal with this last aspect, let me touch on the other three items I mentioned.

Bill C-20 amends the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. It extends the 1990 budget freeze on established programs financing, or EPF transfers for a further three years to 1994-95. However, the transfers will continue to grow on a per capita basis with increases in population.

While these transfers to provinces allow them to pursue post-secondary education and health goals, they also give the federal government some leverage in enforcing national standards in these areas. Under the terms of the Canadian Health Act the Governor in Council may withhold, reduce, or deduct funds from EPF transfers from provinces that are in contravention of the terms set out in the act. In this way the federal government can impose national standards in the health sector on the provinces.

Bill C-20, however, will lead toward a complete phase-out of federal cash payments for health care and post-secondary education. Payments will be replaced by an increase in tax transfers. Without the cash transfers the federal government will have no leverage to ensure that all provinces adhere to the principles of medicare. In other words, national standards will be very difficult to enforce. Bill C-20 is the fourth piece of legislation introduced by the Conservative government to cut back on health and education funding.

The second measure in Bill C-20 with which I wish to deal is the amendment to the Public Utilities Income Tax Transfer Act. This act provides for the transfer to the provinces of 95 per cent of the federal income tax collected from privately-owned electric and gas utilities. These transfers were frozen in the 1990 budget. Bill C-20 extends the freeze for another four years.

The third measure, which I am sure all my colleagues applaud, concerns sessional and expense allowances for senators and members of the other place. These allowances will be limited for the year 1993 and 1994 to the lesser of 3 per cent or the weighted average of increases in the Public Service. This will follow the zero per cent increase for 1992.

Six days before the general election of 1988—I repeat, six days before the general election in 1988, the government announced that unemployment insurance premiums were to be reduced and that weekly benefits were to be increased. Naturally the Conservatives denied that the announcement had anything to do with the impending election. It was just a happy coincidence. In June, 1989, the government introduced Bill C-21, which we all remember very well, not long after the election.

[*Translation*]

What Bill C-21 did, for instance, was to eliminate all government contributions to the Employment Insurance Fund, contributions the government had paid since 1940. In 1989, for instance, the government paid $3 billion into the fund. And then, overnight, it decided to cut the fund off completely.

There might have been a case for reducing the government's contribution to the Unemployment Insurance Fund if the economy had been in good shape and if the unemployment rate had been particularly low. However, there was certainly no reason to do so two years ago, when we were discussing that abomination, Bill C-21, and the situation has continued to deteriorate since then. In February 1990, I said that the Canadian economy was losing steam, as reflected in the crisis in the fisheries in the Altlantic Provinces, and of course the dramatic circumstances of western farmers, massive lay-offs in the automobile industry in Ontario, soaring unemployment in Quebec and elsewhere, substantial drops in retail sales across Canada, and the drop in consumer confidence in this country. That is the kind of situation I described in February 1990.

Less than two years later, what we can see is a deterioration of the situation and a substantial increase in the number of persons who must now rely on unemployment insurance for their survival.

When government dismantled with C-21 our unemployment insurance program, the unemployment rate was at 7.8 per cent. It is now at 10.3 per cent in Canada as a whole, and it reaches even more dramatic proportions in some regions of our country. For example, it is still at 16.7 per cent in Newfoundland and Prince Edward Island, it rose from 10.9 to 12.6 per cent in Nova Scotia, and from 10.5 to nearly 12 per cent in Quebec, and it is all like that.

• (1420)

[*English*]

Under Bill C-21, the Conservative government eliminated all federal funding for the UI program, cut benefits and increased premiums. The happy coincidence was over. As part of the bill the government froze premium rates for 1990, 1991 and 1992. The legislation now before us breaks that commitment. It increases employee premium rates to $280 from $225 per $100 of insurable earnings as of July 1,1991. That is a 24.4 per cent increase. Employer premiums which are set at 40 per

cent above employee premiums would increase to $392 from $315 per $100 of insurable earnings.

On November 18, 1991, even before this bill was passed by the House, the federal government announced its intention to raise UI premiums by another 7.1 per cent effective January 1, 1991. That was the second increase in UI premiums since the government's promise in Bill C-21 to freeze rates until 1993. Should anyone be surprised that only 9 per cent of Canadians still believe anything this government says? In any event, this increase is equivalent to a new $52 tax for the average worker, including the poor. It is interesting that business and labour representatives on the Unemployment Insurance Commission had recommended a one-year freeze on UI premiums. That recommendation was ignored.

Let me try to summarize what has happened to UI premiums: From 1986 to 1988, the premiums paid by employees was $2.35 per $100 of insurable earnings. On November 14, 1988, only days before the general election, the government announced that effective January 1, 1989, premiums would be reduced by 17 per cent to $1.95. This was the happy coincidence I mentioned. But just 5 months later, in April 1989, Mr. Wilson announced in his budget that effective January 1, 1990, premiums would increase to $2.25.

Senator Frith: That was after the election?

Senator Hébert: Yes, you got that point?

Senator Frith: I wanted to be sure everybody did.

Senator Hébert: This increase was contained in Bill-C 21, which also provided that this new rate would be frozen for the years 1990, 1991 and 1992. But not long after Bill C-21 came into force, Mr. Wilson announced in his 1991 budget that effective July 1991, premiums would increase by 24.4 per cent to $2.80. That is the increase we are dealing with in Bill C-20. As I mentioned earlier, last month we had an announcement that effective January 1, 1992, premiums would increase by another 7.1 per cent to $3.

In other words, since the great happy coincidence of 1988, UI premium increases of more than 50 per cent have been announced by this government. I think I will repeat that: In other words, since the great happy coincidence of 1988, UI premium increases of more than 50 per cent have been announced by this government. Employee premiums have gone up from $1.95 to $3. During the same period employee premiums increased from $2.73 to $4.20. So much for the government's generosity only weeks prior to the 1988 general election. So much for the promise made when urging the Senate to pass Bill C-21, and we all remember that clearly.

We on this side of the house believe that the 1991 budget is a blueprint for the destruction of medicare and quality education in Canada. At a time when provincial governments are eliminating hospital beds and university programs, cutting transfer payments will contribute to further division and bitterness in the country. We also condemn the government for raising unemployment insurance premiums to cover the cost of UI changes contained in Bill C-21. The government made a commitment to keep the UI rates at the same level as in 1990 until the end of 1992. However, they broke that promise, not once, but twice.

In these difficult times one would have thought that the government would have done much better than to ask Parliament to pass into law Bill C-20. Instead of displaying integrity and working to strengthen Canada's foundations, the government introduces legislation that undermines the institutions that Canadians value and takes measures that are in total contradiction to promises so piously made in the past. We, of course, as Liberals will be voting against this latest move to further weaken that which binds Canadians together.

[*Translation*]

I love Canada deeply. That is why I am sorry for not being able to prevent every bill this government introduces, with a very few exceptions, from contributing to the deterioration of what could be one of the best countries in the world.

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, my colleague Senator Hébert has covered the ground on the four aspects of this bill. I am having prepared some notes on one aspect in particular. I would like to add a few comments on the first category dealing with the Established Program Financing. So I am asking for the adjournment of the debate until Monday, by which time I expect my notes to be ready.

On motion of Senator Frith, debate adjourned.

• (1430)

APPROPRIATION BILL NO. 3, 1991-92

SECOND READING

Hon. John Lynch-Staunton moved second reading of Bill C-47, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1992.

He said: Honourable senators, the bill before you today, Appropriation Act No. 3, 1991-92, provides for the release of supply for the whole of Supplementary Estimates (B), 1991-92, amounting to $1.404 billion. The total spending authority identified in the Supplementary Estimates (B) is just under $2.3 billion. The difference represents statutory expenditures of $872.3 million, mostly for the Farm Income Protection Act and the Farm Credit Corporation.

Supplementary Estimates (B) include major voted items of $423 million to Agriculture, primarily to provide assistance to Canadian farmers and producers of agricultural products; $263 million to Finance for contributions to countries benefiting from multilateral debt reduction initiatives; $178 million to Indian Affairs and Northern Development, of which $127 million is for spending on the Native agenda, and $50 million for the Green Plan; $58 million to Transport Canada for the acquisition of Ridley Terminal Inc. shares; $57 million to Fisheries and Oceans, mostly to cover the Plant Workers Adjustment Program and assistance to self-employed fishermen prevented from fishing due to ice conditions; and $54

million to Forestry Canada to cover forestry regional development agreements and Green Plan initiatives.

Supplementary Estimates (B) were tabled in the Senate on November 26, 1991, and immediately referred to the Standing Senate Committee an National Finance. These estimates were discussed by the National Finance Committee with Treasury Board officials on November 27, and the committee presented its report on December 4, and it was considered here on December 10.

Hon. H.A. Olson: Honourable senators, I wish to say a few words about Bill C-47, because these Supplementary Estimates ask us for, as Senator Lynch-Staunton has pointed out, some $400 million dollars to pay for certain agricultural programs that the government recently announced.

I wish to deal with an item on page 7 of Bill C-47 that suggests deception—and perhaps much stronger language is more appropriate in this situation. The bill is, in part, an appropriation of money the government needs to add to finance Vote 22a, and it gives the explanation of payment as being a result of the invasion and occupation of Kuwait by Iraq in 1991.

When the government announced these payments to the farmers, it said, and I will quote the Calgary Herald of November 22:

> In Ottawa, Finance Minister Don Mazankowski said he hopes to pay for the farm aid by dunning delinquent taxpayers and tapping cash left over from a fund set up to pay for the Gulf War.
>
> He said he expects those sources to yield about $400 million by the end of the government's budget year that ends on March 31. He predicted similar measures will raise another $400 million next year.

Honourable senators, and particularly the mover of the bill, where is this fund from which you intend to take the $400 million? There is no fund. There is the Consolidated Revenue Fund, and that is all until you get an appropriation from Parliament. You say you will save money out of a fund that never existed. Now you come to Parliament and ask for the money to pay not only for the farm program but for some of the costs of the expenses incurred by Canada due to the invasion of Kuwait.

I have been looking for quite some time to find words to describe this action. I do not know whether it is fraud to say something like that, or whether it is deception. I notice that under "fraud" in the Thesaurus, it says: ". . . craft, deceit, deception, double-dealing . . . hoax, humbug." Humbug is probably the best word that can be used for that kind of dealing.

An Hon. Senator: Liberalism.

Senator Olson: No, that does not fit at all. I am not objecting to what the government is doing. It incurred certain expenses or gave an undertaking that it would be involved in the Gulf War with all its various expenses. I do not care whether it was $100,000 or $100 million. In fact, it was substantially more than that. What the government is doing is coming to Parliament and asking, by way of Supplementary Estimates, for authorization to pay those bills. I do not object to that. That is normal. It has been done every year that I have been here, and I started in 1957. I wish to make it abundantly clear that I am not objecting to the amount, nor am I objecting to the process. What I am objecting to is the deception with respect to where the government will get the money.

The government once said that it would get the money to help the farmers by attacking people going back and forth across the border. Do you remember that? The government was going to increase the inspection of people crossing the border to shop in the United States. That is how the government would raise the money to pay for the additional farm support that it promised in the amount of $700 million to the grain and oilseeds sector and another $100 million to another sector.

Honourable senators, the government backed off that course, because the government knew the kind of political problems that would ensue. That was just as deceptive as what the government is doing now. The government has practised this fraudulent bookkeeping—I do not say that the books are kept fraudulently; I say the public relations that go with it are fraudulent. Saying that you will get money out of some other fund—that is similar to what Senator Baroutes did yesterday. It is just terrible. The government says, "Well, we have reduced program spending by 'X' dollars." In fact, I think the Leader of the Government did that yesterday.

The government says it has reduced program spending by a certain and that the problem of paying for debt service charges is because of the debt it inherited from the other government prior to 1984. There are two lies in that notion. One is that the debt service charges at that time were not half as much as they are today. The debt service charges are now about $400 million on something like $43 billion. So it never was that high in 1984. What is also fraudulent about this whole matter is that the Government of Canada has income from taxes and the services that it charges for. They have to put all that together. Then the government has the obligation of paying all the bills, including the debt service charges. I wonder what the excuse will be the next time.

● (1440)

In today's *Financial Post* it states:

> Deficit increases 64 per cent.
>
> The federal deficit ballooned by 64 per cent during the first seven months of this fiscal year compared with the same period a year earlier, the Finance department reported yesterday. The deficit reached $21.4 billion in the April-to-October period, up from $13.1 billion—

That is the year before.

> The department blamed the cost of implementing the goods and services tax as well as lower revenues because of the recession.

Honourable senators, a lot of deceit goes on here. However, what I am specifically talking about today is the explanation for a request for funds in these Supplementary Estimates

where the reasons for it are spelled out on page 7 in English and on page 9 in French. The government is now asking for funds to pay those bills. A few minutes ago I quoted that the government took money out of this fund that did not exist to pay the farm expenses that they incurred a little while ago. That is pure, unadulterated nonsense. I do not know what we can do with a government that continues to make the argument that it has a fund some place.

If the government wants money, it should come to Parliament and ask for it in Supplementary Estimates now, or it should have in the Main Estimates that were dealt with some time ago. There was no authorization then to set aside money for the Gulf War. The fund that the money is being transferred out of now must have been an imaginary fund in the mind of somebody in the government because there was never any appropriation for it. The government is asking for the appropriation now, or at least some of it.

I hope that this deception, or attempt at deception, of the Canadian people by making these statements will stop. First, I can tell you that they do not believe you anyway, so you do not need to try to deceive them as to where the money is coming from.

The government is stating that it will now increase collection of income taxes from corporations. I did not bring the exact quotations, but I think the Minister of Finance said that, starting on March 1, 1992, they are going to ask all these big corporations that contest their corporate income tax to pay half of it and they will wait until it goes through the courts to decide what the rest of it is. Apparently, under the present rules, if a corporation contests the amount of its corporate income tax, the corporation does not pay any of it until the court orders how much is to be paid. Now the Minister of Finance says they are going to have to pay half. Talk about illogical. Then the government comes along and states that money will be used to pay the other $400 million to the farm program, which has to be paid out in February or March.

Honestly, senators, that is not new money, it is not money that the government did not have before. The government had it before and accounted for it before in anticipated revenue. There is no doubt about that. So how can the government argue that, because some corporations will pay a little bit a little sooner, it is new money?

Senator LeBlanc: It is black magic!

Senator Olson: It is sad to try to fool people in that manner.

I have talked about the deficit already; however, up to October 1 the government is already $7 billion over what was projected in the budget last February, according to the Minister of Finance.

Hon. Efstathios William Barootes: Read the rest of that article; the next part, the savings part.

Senator Olson: The article states:

> The department blamed the cost of implementing the goods and services tax as well as lower revenue because of the recession.

[Senator Olson.]

Senator Barootes: The next sentence after that.

Senator Olson: There are no more sentences in this article.

Senator Barootes: There are savings on the cost of the debt because of lower interest rates. It is in that article.

Senator Olson: No, it is not in this one. It may be in some article, but it does not happen to be in this one.

Senator Barootes: You cut it off there because it did not suit your needs.

Senator Olson: No. All I am trying do, senators, is get the government to be a little more honest in the manner they tell things to the public. To tell farmers that they are going to get $400 million out of the money not spent on the Gulf War when the government did not already have an appropriation for any of that money is deception of the worst kind. But never mind that for a moment; now the government comes along and says, "There is another $400 million that we can give you, because we are going to force these big corporations to pay half of the tax that has been assessed on them before they go to court." That is not new, found money. That is pure, unadulterated deception.

Senator Carney: Why are you complaining?

Senator Olson: I am complaining because we can at least expect the government to be honest. That is not an unusual expectation, is it? Surely the government can at least keep the books and present the books in such a way that it is honest?

Senator Barootes—and I bet he will do it again—said, "We reduced program spending and the Liberals are responsible for the debt service charges," which is also a bunch of baloney.

Hon. Lowell Murray (Leader of the Government): We can prove it.

Senator Olson: This government borrowed—

Senator Barootes: Go and get the rest of article you just read and read it to us. Talk about deceit.

Senator Olson: I think it is sad. When I go to western Canada tomorrow, I will tell them—

Senator Di Nino: I thought we were sitting tomorrow.

Senator Olson: I will not be here tomorrow.

I will tell the people there that this deception really has to stop. I plead with you: Do not reduce your credibility any further. People do not believe you now. They do not believe the Minister of Finance. They do not believe the Prime Minister. Every time you make that type of statement your credibility goes down, I guarantee that.

Senator Murray: Even when we put the facts on the record for you, you do not believe them.

Senator Olson: No, they are not facts.

Senator Murray: We give you the documentation.

Senator Olson: The trouble is that they are not facts. Where is the fund that you took $800 million out of that you did not

spend on the Gulf War? You know very well that money has never been appropriated. Now you are asking for the money.

Senator Murray: It will cover the deficit you ran up with the Scientific Tax Credit.

Senator Olson: I hope that we do not have to listen to this. I get sick when I hear senators opposite make these types of statements. I plead with you to stop trying to deceive people with things that are so obviously not true. You say you have a fund over there and you will pay it out of that fund because you had not spent the money. You say you found another $400 million dollars of new money. You had that money before. It was in the projected assets and income of the government even though you intend to ask those companies to pay half of it. Why are you trying to kid people that that is new money?

• (1450)

I thank you for listening, and I hope you will persuade your colleagues to be a little more honest.

Hon. John B. Stewart: I have just a word or two on this motion. I call the attention of honourable senators to what we are really doing with about one-third of the total amount that will be supplied to the government by this bill.

Let us go back. When the main appropriation bill was enacted, Parliament provided the government under Treasury Board Vote 5 with what is called a Contingencies Fund. When the Treasury Board officials are at the National Finance Committee, I like to refer to that vote as "loose money." That annoys them. It is money the government can use for any line in the Estimates. It can be moved around.

Senator Doody: Mostly salaries.

Senator Stewart: Senator Doody says it is mostly salaries. I think if Senator Doody looks into what is happening, the vote is being used increasingly for other purposes. Senator Doody is quite correct if one reads the description of the vote.

We have a dog with a tail. The dog is unpredictable salary increases. We do not know what the collective bargaining will result in, so we have to provide a certain amount of leeway to the government. Then it says something like, "and for other purposes." There is the tail. Of course, what is happening is that the tail has swelled and swelled and swelled, and it is now rather bigger than the dog.

If I recall correctly, the Contingencies Vote in the current financial year was $350 million. Since then, the government has drawn down the Contingencies Vote. If you look at Supplementary Estimates B, again and again you will find a note which indicates that the money which we are now being asked to appropriate has already been spent.

Senator Olson: A couple of times over.

Senator Stewart: For example, on page 46, under Indian Affairs and Northern Development, we have an asterisk which takes us down to the bottom of the page. "Funds in the amount of $55,886,360 were advanced from the Treasury Board Contingencies Vote to provide temporary funding in this Program." We find the same on page 44 under Fisheries and Oceans. That was a grant for special assistance to self-employed fishermen prevented from fishing due to abnormal ice conditions. I could go through page after page and give examples of what goes on. One-quarter of the money that is being appropriated today has already been expended.

What is now happening is that money is being provided to these departments and agencies specifically. It is being appropriated in the old sense of the word appropriated: Made specific or proper to those departments and agencies. They in turn will reimburse the Contingencies Fund of the Treasury Board. They will refund the money.

The end result is that when this bill becomes law, Treasury Board Vote 5 will be in about as good a condition of liquidity as it was on the day that the main appropriation bill was passed. In other words, what we are doing today is putting the government back in the same position it was on the day the main appropriation bill was passed insofar as contingencies expenditures are concerned.

Senator Frith: And before it had any contingencies.

Senator Stewart: As of the day this bill gets Royal Assent, we are providing them with $350 million of loose money to spend between now and the end of the fiscal year. I am not complaining about the specific expenditures that have been made, nor am I anticipating complaining about specific expenditures that will be made between now and the end of the fiscal year. However, I think we ought to understand what is going on here. What we are really doing insofar as one-quarter of the total money that is being voted this afternoon—that is to say, some $336.4 million—is voting that as more loose money for the government to make up for the amount by which they have already run down their loose money account.

Senator Frith: Allegedly for contingencies. The contingency happens, they spend the money, and we give it back to them after the contingency.

Senator Stewart: The point is that today, in the middle of December, the government will have as much loose money voted by Parliament as it had six months ago. It will have the same amount of loose money now, with only three months before the end of the fiscal year, as it had previously with nine months.

As I say, I am not complaining about specific expenditures, but I think members of Parliament in both houses ought to understand what happens here. It is not unique. This was not brought in. This is not an innovation of the present government. However, we all ought to know what really is happening here, because I think the contingency vote is a vote that ought to be watched, particularly now that the undefined purposes—the tail, as I called it earlier—grow larger and larger and larger.

I bring that to your attention, as I say, not because I am objecting to any of the specific expenditures, but because I think we ought to understand the process to which we are giving approval.

Senator Barootes: Honourable senators, I wish to clarify the statement that my friend Senator Olson read into the record.

He has asked me to put in the addendum. Through diligent research in the library here, I have just obtained the rest of the statement that came out, part of which he read. The part that he quoted, which is absolutely correct, is that in the first seven months the federal deficit had increased by some 63 per cent. However, this is the part that I had noticed and which I did not hear him read into the record. This comes from the department themselves, who issued the other statement. A senior Finance Department official said,

> "We said that corporate and personal income tax [revenue] would be weaker than expected".

I add my own words, "because of the recession".

• (1500)

The quotation continues,

> "Where we will get some relief, however, is from the effect of lower interest rates on our public debt charges."

That is the part Senator Olson neglected to include because it is rather good news. The fact is that the lower interest rates on the service charges, which will keep reducing, will not have their full effect in 1991 nor in 1992, but will build up over the course of the next, three, four or five years, to where some of the interest charges will be lower than expected.

I wanted to add that for the information of the Senate.

Some Hon. Senators: Hear, hear.

Senator Olson: Would Senator Barootes permit one question? First, I want to say that the paragraph he reads, or whatever it was, was not in the article that I had in front of me taken from the *Financial Post*. I would like to ask him if he has done any arithmetic to find out how much of the $7 billion increase in the deficit will be met by what he has now called some "lowering" of interest charges. Is it about 5 per cent, or is it about 3 per cent?

Senator Murray: From where does this $7 billion figure come?

Senator Olson: The Department of Finance issued a statement yesterday stating that the deficit as of October is $7 billion higher than it was a year ago at the same time.

Senator Murray: Let me assure the honourable senator that the deficit figures will be in at the end of the fiscal year, which is March 31, and they will not show a $7 billion increase, or anything like it. We are on target.

Senator Barootes: That much is guaranteed, honourable senators. However, I wish to add this: If I could tell the house exactly how much the savings will be as a result of lower interest rate charges, I would rival J.P. Morgan and some of the other very rich people in the world. I do not have that kind of a crystal ball.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, I wish to speak about the notes that have just been given to us by Senator Stewart.

It is true that contingencies vote No. 5 allows the financial managers to provide for a certain margin in spending authorities, because it does involve some $350 million, i.e. about one third of a billion dollars and thus $1 billion out of the $100 billion, apart from debt servicing. This boils down to about one third of one percent.

These amounts are usually for unforeseeable expenditures, due in part to the result of collective bargaining, the sum total of which is unknown. The rest is for projects which have not yet been defined, or which will be definied during the course of the year, and when they are brought to fruition the rationales are provided. Senator Stewart has indicated that that is rather dangerous. I also am of the opinion that this is not the ideal situation, but it is difficult to proceed in a different fashion under Parliamentary rule, where authorities are the order of the day, without having such contingency funds. This is about one third of one percent with some sort of internal rotation. I do not think one can say that this is a serious problem. This is still within the limits of what I would call reasonable, but I do agree that there are some dangers involved.

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I think it is particularly useful to have some wide-ranging debate on an appropriation bill at second reading. Our practice has always been not to refer an appropriation bill to a committee, as we do almost without exception with all other bills. That practice is based on the fact that we refer the Estimates to the National Finance Committee. It then studies them and presents a report.

The appropriation bill then arrives and makes an appropriation on that basis. What happens, of course, is that when the bill appears in the Senate, and accordingly appears in the *Debates of the Senate*, it is sometimes some days after the report of the committee and the comments made by the chairman of the committee on that report.

I think the debate today has been a very useful one. I wish to refer honourable senators to the report of the committee and the comments made by the chairman, Senator Leblanc, of Quebec, as reported at page 747 of the *Debates of the Senate* for December 10, 1991. Many of the points that have been raised here today were touched on at that time, but not dealt with as widely as they have been today.

If I understand Senator Stewart's intervention, or if I may rephrase it in a way that conforms with my understanding of it, it is not at this stage an objection to the expenditures so much as it is to the consequences of continuing this practice, as I assume we will. The Senate normally does not deny supply, and very seldom holds up an appropriation bill. Again, that is another reason for us to discuss it and for everyone to feel free to discuss some of its dimensions at second reading.

What I took from Senator Stewart's point, as I understood it, is that, in effect, when the Main Estimates come along Parliament always votes an amount for contingencies. Senator Stewart calls this "loose money". This is money about which, in effect, the government is saying, as Senator Bolduc has said, "It is unfortunate, but there is no other way of doing it. We must have a few dollars in the kitty in case of some unexpected

events and requirements." That is the loose money to which Senator Stewart refers.

Let us remember that when the Main Estimates come along, and we are examining them in the National Finance Committee, the government, whatever government, will say, "Look, we have to have some loose money for contingencies." In a board of directors meeting of a corporation we often say, "We have to have contingency money." Afterwards you look at it and say, "I see you have used it up. You had your contingency money, and it is a good thing we gave it to you, because, lo and behold, the contingencies have come along." However, the government is now coming along just before year-end, saying, "The contingencies came along, we spent it. Thanks for giving it to us. We are now asking you to give us the same amount for the remainder of the year." That is what it is doing.

It is wise, no matter what the government, for the National Finance Committee to look at exactly that type of thing. Traditionally, that is what it does. It says, "Here is a practice you are into." I think this is the place to underline it, not just in the committee but here in the Senate when we are looking at appropriation.

Indeed, we find other comments at the end of the report, such as this one:

> Members expressed concern at the apparent precedent of funding an entire program out of lapses, which are not required for national defence purposes and accelerated tax collections which would have likely been justified even if the special farm assistance program had not been implemented.

Senator Olson dealt with that. To close off some of what Senator Olson had to say about whether the money had been spent or not, it reminded me of a cartoon of Dagwood and Blondie. Blondie came home to lighten up Dagwood's day after a hard day at the office by saying, "I saved you $500 today." Dagwood said, "Thanks. How did you do that?" She said, "There was a dress on sale for $1,000, but I got it for $500, so I saved you $500."

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I had not really planned to become involved in this debate, but Senator Barootes' statements have forced me to my feet. I find Senator Barootes again using the new argument which has been in vogue for the past year now by my honourable friends on the other side, particularly in the other place. The whole problem is the recession. They cannot do this or that because of the recession.

First, I think we ought to remember that the recession, most unfortunately, had been in process for a year before the minister even admitted there was a recession. He never even uttered the word.

• (1510)

Senator Frith: Could not get him to say it.

Senator Molgat: Could not get him to admit it. Yet everyone else said, there is a recession on. But the Minister of Finance said, no, there is no such recession. Now, finally, when he admits there is one, everything is blamed on the recession. Cannot do this, cannot do that, because of the recession that he used to say did not exist.

Senator Frith: That had nothing to do with their policies.

Senator Molgat: Every outside observer will now tell you that it was a made-in-Canada recession.

Senator Barootes: What about the recession in Europe and Germany and France? We made that? Canada did that?

Senator Frith: They made their own, too, of course.

Senator Molgat: So we have that most interesting convulsion of facts by my honourable friends. First of all, there is no recession, but everybody else says there is. The Minister of Finance says, no, no, no, it does not exist. Finally, when he admits it, it becomes the excuse for everything. And he created it in the first place.

Senator Frith: He hands over the portfolio and the next fellow says we are coming out of the recession we never got into.

Senator Molgat: The other individual who caused me to come to my feet—and I am sorry he has left—is the Leader of the Government. He said, in answer to Senator Olson, that they will be on target. There will not be this enormous deficit. They will be on target.

The problem is, what is the target? Because the target is, I think, a moving target, as we call it in military terms. And it is a moving target, in large part, because of the government, because they are cooking the books.

Senator Barootes: You better move faster than that.

Senator Molgat: It is a pretty tough accusation, I know, to say they are cooking the books. I make it on the basis of a very good authority—none other than the Auditor General. What does the Auditor General say about their bookkeeping? The federal government's spending watchdog says that the government's accounting methods are improper, and he is withholding full approval of the latest financial statement.

What would that mean in corporate terms? What would that mean to a company who got that kind of financial statement? The banks would immediately be on their backs.

Senator Frith: And the government would investigate them.

Senator Molgat: That is right. I am not the one who is saying they are cooking the books. The Auditor General is saying it. Let's proceed.

Senator Murray was talking about the deficit, that they will be on target. Let me tell you what the Auditor General says. First of all, the government claim: The government said, Tuesday, that it had finished 1991 with a deficit of $30.6 billion. Now, that in itself is $1.36 billion above 1989-90.

Senator LeBlanc: Pretty big target.

Senator Molgat: However, the Auditor General says the deficit is closer to $32.6 billion—$2 billion more than what the government admits to—when generally accepted accounting rules are used.

The Auditor General then proceeds to list some of the things the government has done wrong, and he is attaching to his

report what is known in accounting circles as a qualified opinion to the financial statement because of three areas of improper accounting. These include, first, insufficient liability reporting and public service pensions. It is detailed here as $1.36 billion that did not have to be paid into pensions because of the wage freeze. They proceeded to juggle the books and show that as a deficit reduction, instead of putting it in the proper account where it should be.

The next one is a disputed investment in PetroCan. Listen to this one. They suddenly decided to increase the book value of PetroCan.

Senator Olson: Everybody else was going down.

Senator Molgat: It is 80-percent owned by the government, and overnight they decide to increase the book value? By how much?

Senator Barootes: And who overpaid for PetroCanada?

Senator Molgat: By how much? They increased the book value of PetroCanada by $1.25 billion. Not a big amount, just $1.25 billion. There is more cooking of the books. I am not saying it. The Auditor General is saying it. Your Auditor General is saying it.

The other area where the Auditor General says that they have cooked the books is improper reporting of income tax revenue collected on behalf of the provinces. You tell me about a businessman who would have improper reporting of revenue. What would happen to him?

Senator Frith: On behalf of someone else; funds held in trust.

Senator Molgat: Yes, on behalf of the provinces. There are three clear areas where they have juggled the books, they have cooked the books. Yet they are now trying to tell us that they are on target. That sort of accounting can certainly get you on target, if you juggle the books and move the target right along the line. When we look at these accounts, when we have the Leader of the Government tell us, oh, trust us, trust us, we will be on target, that means we have to be doubly vigilant.

Senator Lynch-Staunton: If you will allow, I would like to get back to the Estimates and Senator Olson's use of words such as deceit, lies, fraud, lack of honesty. I cannot let those go by. Will you allow?

He refers to some secret fund that may or may not exist. We are talking about the $400 million which will go to pay half of the $800 million payment to western Canadian farmers. If Senator Olson will look at page 19 of the Supplementary Estimates, he will see under Agriculture, Agri-Food Program, an amount of $39 million in assistance to Canadian farmers and producers of agricultural products, and a footnote, "The Department of National Defence will reduce its available expenditure authority in order to offset this requirement." There is nothing secret about that. They are transferring funds which are not needed by Defence to agriculture for more pressing needs.

On page 21, $361 million assistance to Canadian farmers and producers of agricultural products, and the same footnote, "The Department of National Defence will reduce its available expenditure authority . . . ." So I think the record has been corrected. Do not leave the impression of secret funds or cooked books or deceit and dishonesty.

Senator Frith: You have hardly answered all those questions.

Senator Olson: You are talking about $21 million and $39 million that probably was appropriated to the Department of Defence. But I am talking about $400 million in one instance, out of a total of $800 million that the government has promised to the farmers. That is the money they are taking from a fund that never existed.

Senator Frith: He didn't say it was secret.

Senator Murray: I am sorry to have to come back on this, but that is incorrect. I mentioned two items.

Senator Olson: I heard you.

Senator Murray: The two together add up to $400 million.

Senator Barootes: Will Senator Molgat entertain a question on his lovely statement?

Senator Molgat: Absolutely.

Senator Barootes: I know you have a very long and distinguished career both provincially and federally in various legislatures.

Senator Molgat: Thank you. Now I am getting worried.

Senator Barootes: I wanted to ask if you can recall an Auditor General in the last 30 years of your time in legislatures who had found the books to be perfectly in order, and was very happy with what he had found as an auditor? Do they not all, in your experience, have some faults to find with whatever is being done by the provincial or federal government? I go back to the Liberal days, not just the Conservative period.

Senator Olson: It has never been as bad as this.

Senator Molgat: I do not know if Senator Barootes was making that as a statement or as a question he was asking me. Certainly the Auditor General has had observations every year. But my recollection is that the observations have been on some very precise and smaller details.

The Auditor General is not saying "Here, I have found this thing wrong and that thing wrong". He is saying that he is withholding full approval of the latest financial statements, and he is saying that it is improper accounting. That is a very different thing than finding some odd thing here and there that has been improperly done. He is saying here that your accounting is improper. He is saying here that he is not giving you clear financial statements.

• (1520)

Senator Barootes has been involved in a lot of corporations and businesses. What would it mean in a corporation if the auditor said that? That would be a very clear signal.

Senator Frith: The shareholders would be outraged.

Senator Barootes: You do not recall an Auditor General saying that accounting in the federal government has run amuck and that there is no control whatsoever over expenditures? I believe that was the one just before this one. You do recall that, Senator Molgat?

Senator Molgat: I do not recall him ever withholding approval of the statements.

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

Motion agreed to and bill read second time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

The Senate adjourned until Monday, December 16 at 2 p.m.

CONTENTS

Friday, December 13, 1991

PAGE

SENATORS' STATEMENTS

Goods and Services Tax
Senator Frith ... 803

Computer Software Industry
Infringement of Copyright—Proposed Legislation. Senator Nurgitz ... 803

Goods and Services Tax
Senator Molgat ... 804

The Senate
Appointment of Extra Senators. Senator MacDonald ... 804

Goods and Services Tax
Senator Olson ... 804
Senator Poitras ... 805

Business of the Senate
Senator Molgat ... 806
Senator Lynch-Staunton ... 806

Trust and Loan Companies Bill
Report of Committee. Senator Poitras ... 806
Senator Molgat ... 806
Senator Frith ... 806

Bank Bill
Report of Committee. Senator Poitras ... 806

Insurance Companies Bill
Report of Committee. Senator Poitras ... 806

Cooperative Credit Associations Bill
Report of Committee. Senator Poitras ... 806
Senator Molgat ... 806
Senator Kirby ... 806
Senator Lynch-Staunton ... 807
Senator MacEachen ... 807
Senator Frith ... 807

Trust and Loan Companies Bill
Bank Bill
Insurance Companies Bill
Cooperative Credit Associations Bill
Motion for Third Reading. Senator Poitras ... 807
Bills read third time and passed ... 807

Goods and Services Tax
Presentation of Petitions. Senator Hébert ... 807
Senator Frith ... 808

QUESTION PERIOD

Transport
Dryden Inquiry—Expected Release of Report. Senator Molgat ... 808
Senator Lynch-Staunton ... 808

PAGE

Goods and Services Tax
Effect on Francophone Press in Canada. Senator Corbin ... 808
Senator Lynch-Staunton ... 808

Foreign Affairs
Yugoslavia—Observance of U.N. Protocols. Senator Perrault ... 808
Senator Lynch-Staunton ... 809

Foreign Affairs
Proposed Canadian Aid to Soviet Union. Senator Olson ... 809
Senator Lynch-Staunton ... 809

Answer to Order Paper Question
Canadian Museums of Contemporary Photography and Caricature. Senator Lynch-Staunton ... 809

Federal Real Property Bill
Third Reading—Request for Transcripts of Committee Proceedings. Senator Molgat ... 809

Income Tax Act
Canada Pension Plan
Cultural Property Export and Import Act
Income Tax Conventions Interpretation Act
Tax Court of Canada Act
Unemployment Insurance Act
Canada-Newfoundland Atlantic Accord Implementation Act
Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act (Bill C-18) Bill to Amend
Third Reading—Motion to Adjourn Debate Negatived. Senator Frith ... 810
Senator Lynch-Staunton ... 810
Senator Simard ... 810
The Hon. the Speaker *pro tempore* ... 810
Senator Corbin ... 814
Third Reading—Motion to Adjourn Debate Negatived. Senator Corbin ... 816
Senator Frith ... 816
The Hon. the Speaker *pro tempore* ... 816
Senator Molgat ... 816

Royal Assent
Notice ... 817

Income Tax Act
Canada Pension Plan
Cultural Property Export and Import Act
Income Tax Conventions Interpretation Act
Tax Court of Canada Act
Unemployment Insurance Act
Canada-Newfoundland Atlantic Accord Implementation Act
Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act (Bill C-18)
Third Reading—Debate on the Motion to Adjourn the Debates Suspended. Senator Molgat ... 817
Senator Murray ... 817
Senator Frith ... 818

THE SENATE

Monday, December 16, 1991

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

Prayers.

SENATORS' STATEMENTS

AUDITOR GENERAL

LETTER TO CLERK OF THE SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, I wish to draw the attention of the Senate to a letter which I have received from the Clerk of the Senate. I presume all honourable senators have also received this letter and I thank the Clerk for forwarding it.

The letter simply states:

> Recently, I received a letter from the Auditor General's office advising me that during the annual attest audit, "*no significant weaknesses*" were found. I have enclosed a copy of the letter for your information.

This ought to be noted because frequently we find that when there are weaknesses, they are certainly highlighted in the media across the country, and it ought to be known that there are none. On that matter, I want to commend the Internal Economy committee and the staff of the Senate who have been able to see to it that we get this clear recommendation.

However, this letter to the Clerk of the Senate, Mr. Barnhart, from Mr. Barewal, Principal, Audit Operations states the following:

> In accordance with the Auditor General Act, we investigate, and where warranted call attention to anything that may be of significance and of a nature that should be brought to the attention of the House of Commons.

That immediately drew my attention, and I assume that I will be told that this is an anomaly in the act and that the act states that the Auditor General must report to the House of Commons.

If it is an anomaly in the act, I think it is high time that we corrected that anomaly. I see absolutely no reason why the Auditor General in some way reports what this house does to the House of Commons. We are not subservient to that house, nor should we be in any way. If that is to be the system, then we ought to insist that similar reports on the House of Commons be made to this house.

I would suggest that the Internal Economy committee investigate this matter, and if it is an anomaly in the act then let us correct it. It is an improper arrangement. These are two separate houses, each with its own constitutional provisions; one is not subservient to the other.

FOREIGN AFFAIRS

SOVIET UNION—TRIBUTE TO MIKHAIL GORBACHEV

Hon. Philippe Deane Gigantès: Honourable senators, I was reflecting upon the fate of Mr. Gorbachev and remembered Prometheus.

Prometheus, a mythical figure in prehistoric times, gave fire to humans and liberated them. To punish him, the gods chained him to a mountain in the Caucasus and each day an eagle came and ate his liver, which during the night grew again so that the eagle could inflict pain on him the next day.

Mr. Gorbachev, in a shorter period of time than any other person in history, has largely contributed to liberating a larger number of people than any other person in history. I hope that some day this country may have the opportunity to do something for that man personally.

He could have used weapons, but did not, first to suppress his satellites and then to suppress his own people; but he had the decency not to apply brutality, and the whole of humanity should venerate him.

SENATE REFORM

NOTICE OF MOTION TO APPROVE THE PRINCIPLE OF AN ELECTED SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I give notice that on Thursday next, I will move:

> THAT the Senate of Canada agrees with the principle that the Senate be reformed, by making it an elected body with sufficient membership and power to effectively represent the people of Canada in all regions of our land.

If any honourable senators want copies of the motion, I have them here.

[*Translation*]

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY FINANCIAL INSTITUTIONS

Hon. Jean-Marie Poitras: Honourable senators, I give notice that on Tuesday next, December 17, 1991, I shall move:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to conduct a special study on the draft regulations ensuing from the new legislation on Canadian financial institutions;
>
> And that the Committee present its report no later than June 30, 1992.

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO UNDERTAKE SPECIAL STUDY OF CERTAIN INSURANCE COMPENSATION CORPORATIONS

Hon. Jean-Marie Poitras: Honourable senators, I give notice that on Tuesday next, December 17, 1991, I shall move:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to conduct a special study on the structure, the powers and the operations of:

(a) the Canadian Deposit Insurance Corporation;

(b) the Canadian Life and Health Insurance Compensation Corporation; and

(c) the Property and Casualty Insurance Compensation Corporation,

to bring forward recommendations allowing the government to improve the foundations on which the Canadian financial system is built; and

That the Committee present its report no later than June 30, 1992;

With the agreement of the subcommittee on program and procedure.

SENATE REFORM

NOTICE OF MOTION TO APPROVE THE PRINCIPLE OF AN ELECTED SPEAKER

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I give notice that on Thursday next, December 19, 1991, I will move:

That the Senate of Canada agrees with the principle that the Speaker of the Senate be elected by the senators by secret ballot, and that such elections be held at the opening of the First Session of a Parliament; and

That, should the office of Speaker become vacant, an election would be held at the earliest possible time to fill the vacancy.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, is this a proposal for a constitutional amendment?

Senator Molgat: It is a proposal to improve the way the Senate operates. I will be delighted to provide a copy.

[*English*]

Hon. Royce Frith (Leader of the Opposition): You did not change the rules to prevent us from launching an amendment to the constitution, did you?

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the petitions keep coming in against the—

Hon. Jean-Maurice Simard: Did you get these on the weekend? Were you in Shawinigan with your leader?

Senator Frith: Why does Senator Simard ask a question and then keep on reading?

You do not seem to be interested in the answer to the question, senator. You throw a question across the aisle and then bury your nose back in your book. Why not let me find out what the question is and what you want an answer to? What was the question? You have Senator Doyle and all your clique there yakking away. Go ahead, yak some more. Come on. More.

• (1410)

Now let the record show that my friends opposite consider petitions against the GST and the expression of the people's wishes about the GST to be a big joke.

Hon. C. William Doody: Will Senator Frith permit a question?

Senator Frith: Wait a minute. I will finish with Senator Simard, and then I will get to you, Senator Doody. Take a number. You are all entitled to enter the draw.

Senator Simard asked his questions and then continued to read as if he were not interested in the answers. The first question was: Was I in—What was the question?

Senator Simard: Were you in Shawinigan with your leader?

Senator Frith: When?

Senator Simard: On the weekend.

Senator Frith: No, I was not. I was in Perth, as a matter of fact.

Senator Simard: Are you for violence—

Senator Frith: Will you let me answer one question at a time? And I was in Smith Falls, where I signed—

Senator Simard: Tell us more.

Senator Frith: —150 copies of my book.

Some Hon. Senators: Hear, hear.

Senator Frith: It is a book which describes, as a matter of fact, the attitude of the members opposite to the whole question of petitions and the people's views about the GST, which they are exhibiting again today, laughing again under the leadership of their court jester, Senator Simard.

Senator Simard: You can do better than that.

Senator Frith: Fine. Make me an offer. What is your next question? I will see if I can do better.

Senator Simard: Carry on.

Senator Frith: I have Senator Simard's permission to proceed. Senator Simard is granting and withholding permission to proceed. Perhaps he will be a candidate for the first elected Speaker under Senator Molgat's—

Senator Doyle: Not under Senator Molgat. There is no Senate under Senator Molgat, which is what you said.

Senator Frith: I did not. I said under Senator Molgat's motion, sir.

Senator Doyle: I didn't hear that last word.

Senator Frith: You interrupted without listening. I said "under Senator Molgat's motion". But you didn't wait to hear that word, you were so anxious to jump in with some comment.

Senator Molgat: He wants to be elected.

Senator Frith: I understand, of course, when you are writing editorials you do not have to wait to listen to anyone. You just did not let me finish the sentence, senator.

The comment was "under Senator Molgat's motion", sir. You might lose your desk-mate. He might run for the position of Speaker. In the meantime, he is acting as a sort of Speaker *pro tempore*, allowing people to proceed or not. Is that all right, Senator Doyle?

Senator Doyle: I understand now.

Senator Frith: Such a simple group of petitions has caused such an outpouring of—

Senator Stanbury: Venom!

Senator Frith: Not venom, but scorn. Scorn for the petitions. Let the record show that these petitions from the people of Canada, as usual, provoke nothing but scorn from the government. However, fortunately, the rules still permit the Senate to hear what the people think and to receive petitions presented on their behalf, which is what I was trying to do. I will continue to try to do that.

These petitions, as before, request that senators, as representatives of the people, do what they can to revoke this iniquitous tax and to call an election in order to give the people a chance to express their feelings in another way beside by petitions.

The petitions today are from Ontario and New Brunswick. There is one from Ontario with 23 names and there are two from New Brunswick with 38 names, totalling three petitions and 61 names.

I can imagine what would happen if there were thousands of names.

QUESTION PERIOD

DELAYED ANSWERS TO ORAL QUESTIONS
FOREIGN AFFAIRS

PROPOSED AID TO SOVIET UNION

Hon. Lowell Murray (Leader of the Government): Honourable senators, our colleague Senator Olson had asked some questions about economic relationships, export credits and the like, with respect to the Soviet Union. On Friday last he asked that, even in his absence, some reply might be placed on the record of today's proceedings.

[Senator Doyle.]

I should tell him and the Senate that, given the current economic and political uncertainties which prevail in the U.S.S.R., the Export Development Corporation is not undertaking any new commitments under its $500 million line of credit to the U.S.S.R. Our position in this regard is consistent with that of other major export credit agencies. Regarding the $150 million food line of credit, feed corn and soybeans are being delivered to the U.S.S.R. under this line.

The Export Development Corporation was holding discussions last week in Moscow with local officials and representatives from our embassy to gain a better understanding of the rapidly evolving situation in the Soviet Union. In conjunction with our G-7 partners, Canada is working to ensure that Soviet financial obligations, including the food line of credit, will be honoured by the republics, and we are optimistic that the republics will honour these obligations.

Finally, honourable senators, I should say that the government is in the process of assessing the overall credit situation in the U.S.S.R.. A number of possibilities are being considered. Mrs. McDougall and Mr. Wilson state that we must exercise caution at this point and try to strike the appropriate balance between, on the one hand, our fiscal concerns, and on the other, our support for exporters and economic reform in the U.S.S.R. Mr. Wilson will be meeting on January 10 with prominent business people who are doing business in the U.S.S.R. He will be seeking their views on commercial opportunities and on the appropriate support that the government should consider offering exporters and investors.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I have two delayed answers to questions by Senator Molgat, one regarding the crash of the Hercules at Alert, asked on December 2, and one on the following day regarding federal assistance to western coal producers.

NATIONAL DEFENCE

CRASH OF HERCULES AIRCRAFT EN ROUTE TO ALERT

(*Response to question raised by Hon. Gildas Molgat on December 3, 1991*)

The Department of National Defence is continually reviewing its Search and Rescue capabilities in an effort to overcome all possible circumstances. For example, the Department has recently completed trials of rectangular parachute prototypes. The selection of the new parachute has been made and deliveries are expected by the end of next year.

The investigation into the causes of the Hercules Aircraft crash is on-going. It should be understood that these investigations are thorough and consequentially can take many months to finalize.

The on-board recorder has been retrieved, and preliminary results of an analysis of the recorder suggest that all aircraft systems were operating normally. Nevertheless, speculation into the causes of this accident are premature

at this time, and we should wait for the results of the investigation.

The results of the investigation may well lead the government to review some of its procedures and requirements, and the Department of National Defence will undertake appropriate measures as required.

ENERGY

FEDERAL ASSISTANCE TO WESTERN COAL PRODUCERS—STATUS OF SALE TO ONTARIO

(Response to question raised by Hon. Gildas Molgat on December 4, 1991)

In March 1987, following the Report of the Task Force on Western Canadian Low-Sulphur Coal, an Action Committee was formed under the Chairmanship of the Deputy Prime Minister, with the Premier of Ontario as Vice-Chairman and the Premiers of Alberta, British Columbia and Saskatchewan as members. The main objective of the Committee is to promote the use of western Canadian coal by industry in Ontario.

On May 24, 1988, an agreement-in-principle was announced for expenditures of up to $81 million over five years, to be shared equally by the federal and provincial governments and the private sector.

The Department of Western Economic Diversification has committed up to $27 million to this initiative. To date a total of 17 technical projects have been supported at a total shared cost of approximately $26 million. These projects have advanced product-oriented research and development relating to coal technologies and assisted in the review of regulatory and fiscal aspects of the transportation of coal.

A number of projects have addressed concerns associated with coal combustion and its relation to acid rain and global warming.

The provinces of British Columbia, Alberta and Saskatchewan account for approximately 94% of total Canadian coal production. The coal industry exports $2 billion each year and employs, directly and indirectly, approximately 30,000 people.

The Coal-to-Ontario initiative is directed towards improving the international competitiveness of this important western Canadian industry.

TELESAT CANADA REORGANIZATION AND DIVESTITURE BILL

SECOND READING

Hon. Donald H. Oliver moved the second reading of Bill C-38, to provide for the continuance of Telesat Canada under the Canada Business Corporations Act and for the disposal of the shares therein of Her Majesty in right of Canada.

He said: Honourable senators, it is an honour for me to rise and say a few words in support of Bill C-38, to provide for the continuance of Telesat Canada under the Canada Business Corporations Act and for the disposal of the shares therein of Her Majesty in right of Canada. Before making a few general remarks about the privatization policies of the government, perhaps I could give a few statistical facts about the company to aid honourable senators in their understanding of this particular legislation.

Telesat Canada was established under the Telesat Canada Act in 1969 as a joint venture between the Government of Canada and the major Canadian telecommunications carriers to develop a domestic satellite-based telecommunications system and service. Telesat is the only Canadian carrier providing commercial satellite facilities and services across Canada. It is also the only Canadian carrier providing basic telecommunication facilities to northern communities and to remote regions in Canada.

• (1420)

Telesat owns and operates six satellites, a network of approximately 500 earth stations, and has recently launched two satellites, the Anik-E1 and the Anik-E2. The company's revenues are derived from leasing satellite capacity to major television broadcasting companies, Telecom Canada members and numerous smaller firms, that provide specialized value-added telecommunication services. Telesat also earns revenue through the provision of voice data and imaging services to businesses in direct competition with Unitel, the telephone companies and enhanced telecommunication service providers.

As senators who followed the Telesat debate in the other place will know, Telesat Canada is a mixed enterprise with public and private ownership. Put simply, the company is not a Crown corporation. Therefore the sale of the government's shares in the company is not, in the narrow sense of the word, a privatization of a Crown-owned enterprise.

Nevertheless, the principles of the privatization program apply to the proposed divestiture of the government's interest in Telesat. More important, the benefits of the privatization program will accrue to all parties to the sale—the taxpayers of Canada, the eventual purchaser and the company itself.

While government ownership was once, and in some instances still is, a viable way of filling a private sector void, protecting technology or contributing to nation building, in most cases that is no longer the situation. Rather, Canada's relatively mature economic and social infrastructures have put the private sector in a position to better provide many of the services once effectively delivered by government.

Moreover, honourable senators, privatization will help reduce Canada's financial burden because all net proceeds from the sale of Crown corporations will go into the Debt Servicing and Reduction Account. For example, while the government's Telesat shares are listed on the books of Canada at approximately $30 million, their actual market value has increased substantially since the company's creation in 1969.

Following the divestiture, the government will be able to apply this increased value to deficit reduction.

Privatization also contributes to the growth of the Canadian economy. It does so by freeing up commercially-oriented enterprises like Telesat whose potential for expansion and whose capacity to compete and diversify in an open market economy are stifled through the relative slowness of governmental decision- making processes and the lack of access to equity capital markets for much needed growth.

Having said all this, the question that must be answered is whether Telesat is a commercially viable Crown investment that has achieved its original public policy goals and would profit through wholly private ownership. I believe that the answer to that question is yes. Let me explain why.

As I said before, the company was established in 1969 as a joint venture. Put simply, Telesat Canada is a commercial success story and no longer requires government participation to fulfil its public policy role. In fact, selling the government's Telesat shares will give the company both a stronger incentive and a more flexible means of pursuing its commercial opportunities and providing state-of-the-art services to Canadians. It will enable Telesat to become more innovative, cost effective, and efficient.

Turning to the legislation itself, the Telesat Canada reorganization and divestiture bill transfers the common shares of Telesat held by the Minister of Finance—49.3 per cent interest in the company—to the Minister of State (Finance and Privatization). It also transfers CN's 3.7 per cent interest in Telesat to the same minister and authorizes him to offer this controlling block—53 per cent—of Telesat's shares for sale.

As I noted, the net proceeds from the sale of the government's Telesat shares will go to the Debt Servicing and Reduction Account. CN will receive its proportionate share of the net proceeds from the sale of the shares.

To ensure that Telesat will be subject to the same corporate rules as other private business corporations, the bill provides that the company be continued under the Canada Business Corporations Act. Upon continuance, the current Telesat Canada Act will be repealed.

The government has also taken steps to ensure that Telesat remains Canadian owned and controlled. Under this legislation, no more than 20 per cent of Telesat shares may be owned in total, directly or indirectly, by nonresidents of Canada. The legislation additionally provides that Telesat may not be wound up without prior legislative approval. Indeed, Telesat, as a minimum, will be required to continue to establish satellite communication systems and provide satellite-based telecommunications service in Canada.

In this regard, as a result of the government's policy, Telesat is the primary vehicle for providing northern and remote areas of Canada with access to telephone, broadcasting and other communications services. Let me assure all honourable senators that the government will require, through the CRTC, that it continue to serve the northern and remote areas of Canada. In fact, should it be required, the government has necessary legislative powers under the Radio Communication Act to enforce this policy. Of course, I would be remiss if I failed to mention that the provision of its services to the northern and remote areas of the country is profitable for Telesat and is unlikely to be abandoned under any scenario.

Under the legislation, Telesat will continue to be regulated by the CRTC. As such, any transfer of the control of Telesat will require prior approval by the CRTC. The legislation also restricts Telesat from selling, leasing, lending or otherwise disposing of its property which is integral to the provision of its key services without CRTC approval.

Here let me note, however, that Telesat provides some services in markets that are sufficiently competitive—the 500 earth stations, for instance. The CRTC believes that in such instances, the sale of satellite dishes for example, there is no need for CRTC regulation. Therefore, as requested by the CRTC, this bill will allow the CRTC to refrain from regulating Telesat's activities where the CRTC is satisfied that the degree of market competition ensures just and reasonable rates and nondiscriminatory services.

Honourable senators, it is important to ensure that Telesat will continue to operate in a stable business environment after the government has sold its shares in the company. Accordingly, no other telecommunications carrier will be issued a license under the Radio Communication Act to operate fixed satellite facilities in Canada for a minimum of ten years following the sale of the government's Telesat shares. This is considered to be a reasonable approach given expected traffic levels, and it will help ensure that Telesat will be in an optimal position to supply its satellite services to Canadians.

High priority has also been given to respecting the concerns of employees. The sale of the government's Telesat shares will not affect existing terms and conditions of employment, including employee pensions that are now in effect and will be in effect at the time of the sale. Furthermore, the purchaser will be required to continue the Employee Share Ownership Plan, or ESOP, implemented in January of 1990. This will benefit the company and its employees. The plan gives employees a stake in their company, and employees with a stake in their company have a greater interest in seeing the company prosper, which is the best form of job security available.

As well, so that the government has a clear understanding of the plans a new owner has for Telesat, bidders for the government's shares will be required to state their intentions regarding Telesat's operations and the location of its activities in the National Capital Region. The government is also concerned that Canada's technology-based industries continue to prosper and thrive. The government wants to ensure that Canadian satellite manufacturers will continue to be able to compete as suppliers of equipment to a fully privatized Telesat. Therefore the agreement of purchase and sale will require Telesat to consider carefully Canadian suppliers first when making any major procurement decision. The company will also be required to consult fully with the Minister of Communications 30 days in advance of any such procurement plans.

• (1430)

The government will sell its shares in Telesat to a third party through a competitive bidding process. The process will begin following the passage of this bill. As is standard, a first round to identify a short list of serious bidders would be followed by a final bidding from which the purchaser will be selected. Other than the 20 per cent non-resident ownership limit, there will be no other restrictions on who may bid to purchase the government's shares in Telesat Canada.

However, consistent with the government's policy of fostering competition within the telecommunications sector, the sale will be subject to the Competition Act. In this regard, the Director of Investigation and Research within the Bureau of Competition Policy will review the sale to ensure that it complies with Canadian competition laws. To facilitate that process the Minister of State (Finance and Privatization) has encouraged all interested parties to notify the director at the earliest opportunity of their intention to bid for shares in Telesat. This will enable the director to identify at an early stage if there are competition issues or problems in their bids that need to be addressed.

In closing, let me restate that selling the government's Telesat shares is good for the company and is good for the taxpayers of Canada. It will allow the company to fully exploit the existing opportunities in the rapidly changing telecommunications industry, tap new sources of equity funding and private markets, and finally, capitalize on potential new business responsibilities with its new owners. I trust honourable senators will keep these points in mind as we debate this bill.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the debate, as mentioned, is related to the principle of this bill. It is apparent that there is a difference of opinion in principle as to this bill, which completes the privatization of Telesat. There is certainly substantial agreement between us on the facts that have just been put on record by the sponsor of the bill. As he has pointed out, it will allow the government, through the Minister of State, (Finance and Privatization), to sell its interest; namely, 49.3 per cent, and Canadian National Railway's share of 3.7 per cent, effectively ending the government's participation in the firm.

Telesat Canada is a profitable satellite communications company based not far from here in Gloucester, Ontario, a suburb of Ottawa. It is jointly owned by the federal government and Canada's largest telephone companies. It is the only communications satellite operator in Canada and derives most of its revenue from leasing satellite channels to broadcasters and telephone companies. As has been pointed out, it is regulated by the Canadian Radio-television and Telecommunications Commission.

As has also been pointed out, the net proceeds of the sale—again we are in agreement on the reading of the legislation—will go to the Debt Servicing and Reduction Account which Bill C-21 proposes to establish. The primary function of that fund is to receive excess GST revenues in order to reduce the debt. Telesat shares will be sold, as has already been pointed out, through an open competitive bidding process and the sale will be subject to the Competition Act. That process will not commence until after the legislation receives Royal Assent.

• (1440)

According to the *Globe and Mail* of December 12, 1991, Minister John McDermid, the privatization minister, hopes to have the satellite operator sold by the end of March.

Telesat will continue, then, under the Canada Business Corporations Act because at that time it will, of course, be a general corporation. The Telesat Canada Act will be repealed.

Bill C-38 will empower the CRTC to continue to regulate Telesat Canada in order to approve any changes in the control of Telesat and to order divestiture of shares held contrary to the provisions of the bill. Tge CRTC will refrain from regulating those business activities of Telesat which are offered in competitive markets.

Consistent with the government's policy on non-resident ownership of Canadian telecommunications carriers, the bill limits the ownership of Telesat's shares by non-residents to a maximum of 20 per cent. In other words, it will be subject to the same regulation as other corporations in the field are subject to. Under this legislation, Telesat will not escape that control. It will also be required to continue to establish, supply and provide on a commercial basis satellite telecommunications systems and services in Canada.

Where we disagree is that we believe that the government is ignoring the challenge of maintaining a strong vital Canadian presence in the domestic and international satellite telecommunications field. The government states it has an intention to continue meeting that challenge but, in our opinion, this is not the way to do it.

Bill C-38 removes the government from a high-tech communications sector at a time when we are making our mark globally. We believe that the government should maintain its role in making Telesat and Canada leaders and innovators in the field. It should not be abdicating its responsibilities.

Telesat has been on the leading edge of the provision of satellite telecommunication services. Rather than expanding and building on that edge, as a government role, and a government leadership role, the government is saying that it has fulfilled a public policy purpose and is getting out.

We believe, contrary to that reasoning, that Telesat Canada still serves an important public policy purpose. It provides necessary satellite telecommunications to the north and other remote regions of Canada. As has been pointed out, the government has stated that Telesat "will be required to follow the government policy of serving as the primary vehicle for providing the northern and remote areas" of Canada with such services. One must wonder how far the government will "require" that a private sector company, which this will now be, act in a manner that may not be profitable. There is no requirement provided in the legislation for the continuation of such service. The answer might be that it is still subject to CRTC regulations. Does that mean that, in trying to maintain its leadership role, the government will haul this company before the CRTC and say it ought to do XYZ? If the company

says that it is not profitable for it to so act, even though it is clearly in the interests of Canada, even though it is in the interests of Canada's leadership position in the telecommunications field, but not in the corporate interest or in the interests of the shareholders, is the CRTC then going to state that the company must go against the wishes of the shareholders? Will the CRTC make such a ruling, on the basis that the government is asking the company to go in a certain direction which, on public policy grounds, is in the best interests of Canada and the industry? I doubt it.

The government states that Telesat will maintain its monopoly on the provision of satellite telecommunication services for the next 10 years. However, there is no provision in the legislation for that.

The Telesat Canada Act contains safeguards which provide for the use of "Canadian research, design and industrial personnel, technology and facilities in research and development concerned with satellite telecommunications systems" and the design and construction of such systems. Bill C-38 makes no such provision. How will thses safegurads now be enforced? Will the government haul this privately-owned company before the CRTC and tell the shareholders and the board of directors that they must use "Canadian research, design and industrial personnel, technology and facilities in research and development connected with satellite telecommunications systems"? I doubt it.

The government also promises that, as a condition of sale, Telesat will be required to "continue to give Canadian suppliers of satellites and major earth station equipment first consideration in their purchase decisions." Once again, there is no provision in the legislation to ensure that such practices will be observed.

I have given two examples of a public policy role for the government to maintain which requires that it continue in its present role in this corporation. But it will not be able to maintain its role in the future unless it tries to haul the compnay before the CRTC, or tries to get some court order. However, on what basis would they do so? There is no provision in the legislation on either of those two points I have mentioned.

The privatization of the government's interest in Telesat Canada is another example, in our view, of narrow-minded government ideology triumphing over policies that have worked to the benefit of all Canadians.

The objectives of this corporation will now be controlled by the shareholders and board of directors, as one can understand, because the government, the people of Canada, will have sold the corporation to them. Obviously this government sees no role for the federal government in promoting the assets of this country and in helping strong Canadian companies develop within the domestic market and succeed in the international marketplace.

We believe that the government does have a role to play in supporting Canadian companies. Traditionally, Telesat Canada has been a strong company which, with government support—support that it could effectively put into practice through its ownership—has done much to promote the Canadian presence in the international telecommunications industry. With the current globalization of markets, the government should continue to sponsor and advance the interests of companies such as Telesat Canada. What we are seeing today, however, is a government that believes it has no longer a role to play, even when it has achieved a good measure of success in the past.

Honourable senators, in conclusion, I wish to address two further details. We found in other legislation presently before the Senate some official languages dimension to privatization. We contacted the Office of the Commissioner of Official Languages to ask whether there was any official languages dimension to this privatization. The answer we received is that the Official Languages Act applies only to 100 per cent federally owned Crown corporations. Telesat is a joint venture between the government and private concerns, therefore, as far as the Office of the Commissioner of Official Languages is concerned, the act has no application to this corporation and the government's decision to sell its interest in the company has no official languages consequence. I wanted honourable senators to know that that had been checked in case they had some concern because of the problems we have experienced with other legislation now before us.

The other detail, since this debate at this stage is limited to the principle of the bill, is that if the bill carries at second reading—and we believe it ought not to—and is referred to a committee, we shall have some amendments to propose in committee.

The Hon. the Speaker: It is moved by the Honourable Senator Oliver, seconded by the Honourable Senator Comeau, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (1450)

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

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Kinsella
Bélisle	Lavoie-Roux
Bolduc	Lynch-Staunton
Cochrane	MacDonald
Comeau	(*Halifax*)
David	Murray
Doody	Oliver
Doyle	Poitras
Forrestall	Robertson
Johnson	Rossiter
Kelleher	Simard
Kelly	Spivak—23

NAYS

THE HONOURABLE SENATORS

Adams	LeBlanc
Corbin	(*Beauséjour*)
Frith	Molgat
Gigantès	Robichaud
Graham	Stewart
Hastings	Wood—11

ABSTENTIONS

THE HONOURABLE SENATORS

Macquarrie—1

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

• (1500)

REFERRED TO COMMITTEE

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

On motion of Senator Oliver, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

INCOME TAX ACT
CANADA PENSION PLAN
CULTURAL PROPERTY EXPORT AND IMPORT ACT
INCOME TAX CONVENTIONS INTERPRETATION ACT
TAX COURT OF CANADA ACT
UNEMPLOYMENT INSURANCE ACT
CANADA-NEWFOUNDLAND ATLANTIC ACCORD IMPLEMENTATION ACT
CANADA-NOVA SCOTIA OFFSHORE PETROLEUM RESOURCES ACCORD IMPLEMENTATION ACT

BILL TO AMEND—THIRD READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator Di Nino, for the third reading of Bill C-18, An Act to amend the Income Tax Act, the Canada Pension Plan, the Cultural Property Export and Import Act, the Income Tax Conventions Interpretation Act, the Tax Court of Canada Act, the Unemployment Insurance Act, the Canada-Newfoundland Atlantic Accord Implementation Act, the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act and certain related Acts.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the concern that we had about this bill at third reading related almost entirely to the promptness—in fact, I would say the undue speed—with which it bounced back before us.

At the debate on second reading, we pointed out that there were a number of areas in which we hoped the committee would concentrate its attention. Because the bill, with some 400 pages, is about the size of a medium-sized telephone book, we also expected that the committee would perform the normal function of a Senate committee on technical bills of this kind. That is to say, have its staff or hired staff ensure that the bill is in order in all respects. This applies, of course, to all bills, and certainly to all technical bills where the expectation has arisen in the country that the Senate will make sure that anything that may have been overlooked in the House of Commons is corrected. It is something that particularly applies to tax legislation, which imposes the burden that all tax legislation does on the people of the country.

The points raised and debated on December 9, 1991, related to the Registered Education Saving Plan; the disability tax credit, which is to be increased for 1991 from $575 to $700, which looked like good news on first reading; the tax treatment of small business shareholders; the revision of the tax treatment of residents of Canada's northern and isolated regions; and the concerns of Canadian shippers outlined in some detail by Mr. Marchi, a Member of Parliament in the House of Commons.

The bill was referred to the Banking committee that same day, Monday, December 9, 1991. The committee met on

Tuesday, December 10, 1991, for less than two hours, hearing from officials from the Department of Finance. It met again the following day, Wednesday, December 11, 1991, but for less than 45 minutes. It was an *in camera* meeting with no witnesses. Senator Poitras then presented the committee's report on Thursday, December 12. The bill was then up for third reading on Friday, December 13, 1991.

What of the concerns raised on Monday, December 9, 1991? I was unable to obtain the official, printed copy of the committee's proceedings. I do not want it to become a precedent, and I do not want myself or others to be confronted with the fact that when specific concern is shown for the need of committee proceedings before going on with debate, that the "blues", or the draft transcripts, are to be taken as always fulfilling that request. However, in this case, I was told that the *Proceedings of the Standing Senate Committee on Banking, Trade and Commerce* would not be ready until tomorrow. Therefore, I obtained a copy just a few hours ago of the proceedings in their draft form or, as they are commonly called, the "blues".

I found that the small business exemption was discussed at what is called, in this draft form, page A-16. That page number is of little help, because one of the problems, if I can underline it, in dealing in debate in the Senate with transcripts rather than records of proceedings is that anyone reading the *Debates of the Senate* can only be referred to the pages in the transcripts as opposed to the pages in the actual proceedings. I think that the *Debates of the Senate* should provide a clear record for anyone who is interested in legislation, or in any particular provision of legislation.

In this case, instead of being able to refer to a specific page of committee proceedings, I have to refer to what, in the material I have is called page A-16. At that page, Senator Thériault raised the matter of the small business exemption, and there was some attention given to it, but nothing was said about it in the committee's report. That is the only place I could find that that exemption was dealt with.

At the request of Senator Thériault, the northern exemptions were also referred to. I found the reference at page A-22. Again, there is some very brief discussion between the senators and the officials from the department. There were no other witnesses.

As for the education plan changes, there was some concern expressed about other provisions that might operate against the advantages that were claimed for those provisions. There is not very much in that regard.

As to the disability pensions, there was something about that subject at page A-43.

As an aside, I do not know whether eventually someone could transfer these references into references from the official committee proceedings to avoid anyone having to actually dig up these things from the reporters.

There was nothing on the other changes that, as I said, it was felt might remove funding for the disabled. I had particularly asked that the committee study the relationship between this bill and any other provisions or changes that had been made, in order to determine the net effect. However, in the time it had, it did not do so.

All the information that I was able to find came from departmental witnesses. No other witnesses were called, although the areas of interest for which witnesses could have been called were outlined quite clearly in the debate on second reading. I did not find anything at all on Mr. Marchi's point about Canadian shippers. It was obvious from the proceedings that no one was called to give evidence on that point.

• (1510)

Finally, there was the need for close scrutiny to ensure there are no mistakes. That is a general duty of Senate committees and a duty on taxing bills that the Standing Senate Committee on Banking, Trade and Commerce has always addressed and undertaken with skill and attention over the years. There was no evidence that anything like that was done. Of course, in the time spent, namely a couple of hours, it was impossible to take this huge bill and do that job properly.

The bill itself we generally support, as we have said earlier, but we will not be able to give third reading with any assurance that the Senate and the Senate committee has done the job which, in our view, traditionally it ought to have done, and certainly in this particular case ought to have done. We will have to give it third reading without knowing whether that work has been properly done or not, and with all evidence being that it could not possibly have been accomplished in the short time that the committee spent on the bill.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I attended at least part of the committee hearings, and I want to echo completely what my colleague Senator Frith has said. The Standing Senate Committee on Banking, Trade and Commerce has built up a tremendous reputation over the years as a capable committee that does excellent work. This has been recognized in the other place and has been recognized by anyone who has appeared before that committee. I think it is unfortunate that, in dealing with this bill, the committee has not lived up to its great tradition.

In my view, the committee should have had its staff do a thorough review of the bill and make recommendations to the committee. That was not done. I believe the committee has functioned in that manner in the past. We have staff available. We have staff from the Library. We are entitled to employ staff for committees. We are entitled to have specialists to assist committees, and I agree that specialists are required for the work that this committee frequently does. That was not done in this case.

We requested, at the committee stage, a report on what the committee staff had to say about the bill; but there was no report. At least one was not given to us, and I can only conclude that there was no such report, and that the committee staff did not do the research. I do not believe that that is the way we should be operating. I, for one, object strenuously to passing the bill without that kind of research by our committee.

What our committee did in this case was pure rubber-stamping. The majority decided that it would put it through. They had enough numbers there to see to it that they did. We objected to it, but, over our objections, it went through. I want to state very clearly that I object to this procedure. It is not the way we should function. It is not the way that the Senate will gain credibility in this country.

[*Translation*]

Hon. Jean Maurice Simard: Honourable senators, without repeating what I said at the beginning of the debate on this bill, at third reading, and since some points have been raised by Senators Frith and Molgat, I want to take this opportunity to state that in my opinion ample time has been set aside for the study of this bill. It is true that there was no clause by clause study. I believe however that senators, in particular those who have just spoken, will admit that this procedure is not always followed.

Senator Haidasz made such a request, but did not identify the witnesses he would have called before the committee. The majority of senators sitting on on Committee on Banking, Trade and Commerce agreed to Senator Lavoie-Roux's request that concurrence in the report be held up for one day. Thus the committee met again on the 11th, and Senator Poitras reported to the Senate on the study of the bill on December 12.

I would like to indicate, for the record, that since May 1991, a document entitled *Explanatory Notes to Legislation Relating to Income Tax* is available to everyone.

Also, over the past twenty years that I have been active in politics, each year, bills have come back to us, so that errors in the previous versions which had been passed could be corrected.

Senator Frith, I hope that there are not too many errors, but I, for one, did not come here to the Senate —

Senator Molgat: There is no way for you to know whether there are any or not!

Senator Simard: —to go over legislation clause by clause, word by word. I think the various officials are there for that very reason. Some of our colleagues who have legal training make important changes and point out errors. In this way, I think that most members of the Committee on Banking, Trade and Commerce, based on testimony by various officials and on the explanatory notes I already referred to—I think we can all have a good time in this holiday season without being overly concerned, and allow, if the bill is read third time, the benefits of Bill C-18 to take effect for Canadians at the earliest possible date.

Thank you.

The Hon. the Speaker: Honourable senators, I must tell you that I was under the mistaken impression, having been absent last Friday, that in accordance with Section 38(1) of the *Rules of the Senate*, Senator Simard's speech was in response to questions raised.

• (1520)

[*English*]

> No Senator should speak more than once. However, if a material part of the Senator's speech has been misunderstood—

—and that is what I thought you were doing at first. I am just bringing to the attention of senators that, according to our rules, Senator Simard was not allowed to speak twice on third reading. I just wanted to point that out for future reference.

[*Translation*]

Senator Molgat: Honourable senators, I am grateful for the Speaker's comments, but Senator Simard obviously felt the need to provide an additional explanation in order to defend the indefensible! It takes the senator at least two speeches to do that!

In any case, I would like to ask him a question to give him a third chance to defend the indefensible Senator Simard, I must say I almost sympathize with your predicament because I imagine you must feel very uncomfortable!

To get back to my question, you said that this bill has been circulating around Parliament for a long time, and that everyone should have been aware of the explanatory notes. Well, if we are going to follow this procedure, doesn't this apply to all bills? Normally, they originate in the House of Commons and then circulate on Parliament Hill for a while, before they actually get referred to the Senate. According to your premise, we should immediately adopt them in second reading, refer them to committee and examine them for an hour or so. Considerimg the volume of this bill, we would only spend a few minutes studying small bills, which would be adopted almost automatically, without further ado, as all bills circulate on Parliament Hill!

Senator Simard: If you don't mind, since you are asking me a question . . .

Senator Molgat: Sure, let's have it a third time!

Senator Simard: Senator Molgat, I don't think answering your question is a sign of weakness on my part.

I don't agree with the suggestion that we don't bother to seriously study certain documents because they circulate on the Hill. Perhaps it would have been better to have a pre-study, if we had been given to understand that the opposition in this House was agreeable, but we found that objections to this procedure were almost automatic.

Perhaps, considering what was said by Senators Frith and Molgat, we could restore this commendable procedure in January, with the support of senators opposite.

Thank you.

Senator Frith: I would also like to ask you a question, for the record.

Does Senator Simard believe, that I recommended a detailed study? Did I give him the impression that I meant that the committee had to examine every single provision? I did not suggest that.

I suggested calling in experts, as we have done in the past. I thought that was clear. If I understood correctly Senator Simard's response to the question put by my colleague, Senator Molgat, the idea that a book or explanatory notes circulated on the Hill is a dimension that was added by Senator Simard. It is certainly no reason for circumventing the Senate. It is not a substitute.

Senator Simard: No, Senator Frith.

Senator Frith: Thank you.

Motion agreed to and bill read the third time and passed.

[*English*]

APPROPRIATION BILL NO. 3, 1991

THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the third reading of Bill C-47, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1992.

Hon. John B. Stewart: Honourable senators, before we give third reading to this bill, I want to address a series of questions to the Leader of the Government in the Senate. I will start by reminding honourable senators of the opening words of section 91 of the Constitution Act.

> It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order, and good Government of Canada, in relation to all Matters . . .

—and so on.

In section 35 of the Constitution Act we read:

> Until the Parliament of Canada otherwise provides, the Presence of at least Fifteen Senators, including the Speaker, shall be necessary to constitute a Meeting of the Senate for the Exercise of its Powers.

In section 48 we read:

> The Presence of at least Twenty Members of the House of Commons shall be necessary to constitute a Meeting of the House for the Exercise of its Powers, and for that Purpose the Speaker shall be reckoned as a Member.

Moving away from that to some facts, I do not have the *Journals* of the House of Commons for December 12, 1991, but I do have the *House of Commons Debates*. This sort of thing is generally accurate in the *House of Commons Debates*. At page 6239 I read:

> **The Acting Speaker (Mr. DeBlois):** I remind all hon. members that we will drink to each other's health right near here.
>
> It being 5.30 p.m., pursuant to Standing Order 28(2), the House stands adjourned until Monday, February 3, 1992 at 11 a.m., pursuant to the order made on Tuesday, December 10, 1991.
>
> The House adjourned at 5.29. p.m.

I ask honourable senators to turn to the *Minutes of Proceedings of the Senate* for Friday, December 13, 1991. There we read, at page 487:

> After awhile, the Honourable William Alexander Stevenson, 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 Gentlemen Usher of the Black Rod to proceed to the House of Commons and acquaint that House that:—

• (1530)

> "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 record goes on:

> The House of Commons being come,
>
> One of the Clerks at the Table read the titles of the Bills to be assented to as follows:

After the Royal Assent, we are told:

> The House of Commons withdrew.

Well, the House of Commons had adjourned on Thursday at 5:29 p.m. and was to stand adjourned until February 3, 1992. Nevertheless, according our record, they were here on Friday the 13th.

Hon. Lowell Murray (Leader of the Government): I suggest my friend look up the adjournment motion that they had passed on December 10 and read that into the record.

Senator Stewart: So I come to my questions: Is the presence of the House of Commons constitutionally necessary for Royal Assent to be given to bills? Is the presence of a quorum ordinarily necessary to constitute a meeting of the House of Commons to receive the message from the Governor General or her or his Deputy? If so, can the House of Commons, by order, set aside the constitutional requirement for a quorum as prescribed in the Constitution act?

Senator Murray has implied that the House of Commons, when it adjourned, somehow made arrangements to have some body represent it. I am not questioning the accuracy of what I think he was implying. My question is: Is it proper or constitutional for the House of Commons to attempt to delegate to some body a function which, constitutionally, it would appear, can be performed only by the House of Commons itself?

I have raised several questions. I would ask the Leader of the Government to give us answers.

Just as we proceeded to a another Royal Assent on Friday last, there is now an anticipation of Royal Assent. One of the bills for which Royal Assent will be sought is the bill now before us on this third reading motion, namely, Appropriation Bill No. 3, 1991-92. Surely, when something that looks very extraordinary is happening, we ought to have an adequate explanation as to why that extraordinary process fulfils the constitutional requirement. I use the word "extraordinary" to remind honourable senators of what we saw here last Friday. We are told by our records that the House of Commons came. Well, according to my count, there were three members of the

House of Commons—there were various other persons, servants of the House of Commons.

Hon. Royce Frith (Leader of the Opposition): Robed and hatted.

Senator Stewart: Yes, robed and gowned. According to my count, there were three members of the House of Commons present. As I say, it looks extraordinary and strange.

There may be adequate answers to the questions I am raising. If there are, let us have the answers so that we will all understand why this minimal presence is adequate for the purpose of giving Royal Assent to a bill.

Senator Frith: Under the Constitution.

Senator Stewart: We want to ensure that what we are doing here is constitutionally correct.

I do not think this is, practically, as serious as some of the other shorthand techniques into which we have fallen in recent years, but it is important that we fulfil the requirements of the Constitution. If we are fulfilling them in some strange way, let us have an adequate explanation as to why that strange way fulfils the requirements.

Senator Murray: Honourable senators, I will undertake at once to seek advice from the law officers of the Crown on this matter in order to make a statement in response to the questions that the Honourable Senator Stewart has put this afternoon. In the meantime, it might help if I put a few facts on the record with regard to the Royal Assent that took place in this chamber on Friday last, notwithstanding the fact that the House of Commons had, the previous day, adjourned until February 3, 1992.

On December 10, 1991, when the adjournment motion was placed before the House of Commons by Mr. Albert Cooper, Parliamentary Secretary to the Minister of State and Leader of the Government in the House of Commons, the following paragraph was included after the motion which stipulated that the House would stand adjourned until Monday, February 3, 1992. I quote:

> That at any time during the adjournment, the Speaker may, after consultation with the government, fix a time at which the House shall meet for the sole purpose of receiving Royal Assent to a bill or bills.

The Honourable Senator Stewart asks this question: Is the presence of the House of Commons necessary for a Royal Assent ceremony? I would, as I think he would, reply in the affirmative to that question, although I do not have a constitutional authority to cite, or, indeed, even an authority under our rules to cite. It is perhaps a convention. I do not know, but I will obtain the official advice or position of the law officers on that matter and convey it to the Senate.

The second question the Honourable Senator Stewart asked is whether a quorum of the House of Commons is necessary to receive the message from the Senate requesting their presence in this chamber for a Royal Assent. I would have answered that question in the affirmative myself. I can only cite two authorities. One, by way of anecdote, is that I once put the question to a learned cabinet colleague whether they did not need to have a quorum to receive the message and, I would have thought, a quorum to come here to assist at the ceremony. I was told, no, that one member would suffice. That anecdote is borne out by reference to Beauchesne's, Sixth Edition, citation 288 at page 89, and I shall quote the relevant passage:

• (1540)

> A message from the Governor General for the attendance of the House in the Senate, as, for example, for the purpose of giving Royal Assent to bills, makes a House without regard to the number present. Accordingly, when it is known that the attendance of the House in the Senate will be desired, the House meets at the time appointed. If twenty Members are not present, the Speaker takes the chair of the Clerk of the House; when the knock of the Gentleman Usher of the Black Rod upon the outer door of the House is heard, the Speaker, although twenty Members are not present, takes the Chair, receives the message delivered by the Gentleman Usher of the Black Rod, and passes onward to the Senate. On returning to the House, the Speaker resumes the Chair and makes a report to the House; as the House has been made, business may be proceeded with until, on notice taken, it is proved that twenty Members are not present.

Senator Stewart: Is there an authority given for that citation?

Senator Murray: No. As matter of fact, when it was drawn to my attention I looked to see if there was any further citation or authority, and there does not seem to be one, although my friend can examine the document himself in due course. So it would appear, in answer to the question of whether a quorum of the House of Commons is necessary to receive the message, that the answer, if *Beauchesne's* can be realied upon, is in the negative. Honourable senators, without wanting to give a "mini" Speech from the Throne, let me indicate that this discussion perhaps demonstrates the desirability of bringing in an alternative to the Royal Assent ceremony.

Senator Frith: It is an equally good argument for not doing so.

Senator Murray: Honourable senators will be aware that in the previous session we had presented a bill in Senator Doody's name for an alternative method of obtaining Royal Assent to bills. That bill did not proceed. There was vigorous opposition to it on the part of the then Leader of the Opposition. I think I should advise honourable senators that we intend to try our luck again soon.

Hon. Allan J. MacEachen: It was low-key opposition, and Senator Doody had no enthusiasm.

Senator Stewart: I am glad that Senator Murray intends to look into this matter. I am glad that he recognizes that what we read in *Beauchesne's* is not necessarily definitive. *Beauchesne's* has been described as a great big snowball that has been rolled on over the years and has accumulated rulings and

descriptions, one speaker after another, one era after another, and one can find very often quite conflicting things in *Beauchesne's*. It is merely a description of practice, of what has gone on in the past, and it is not necessarily legally and constitutionally adequate as an authority. I gather that Senator Murray is saying that he thinks we can rest easy because of an Order of the House of Commons in which they seemed to delegate their being to some body. A question that needs to be asked is whether participation in a Royal Assent is one of the powers of the House of Commons, because the quorum to constitute a meeting of the House for the exercise of its powers is 20 members . I thank the honourable the Leader of the Government in the Senate for undertaking to get us some guidance on this matter—I do not say conclusive guidance, but at least helpful guidance.

Motion agreed to and bill read third time and passed.

FEDERAL REAL PROPERTY BILL

THIRD READING

Hon. C. William Doody, moved the third reading of Bill C-3, respecting the acquisition, administration and disposition of real property by the Government of Canada.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on Friday last when this Order was called I asked that it be adjourned because I had not received the transcripts of the committee hearing. I did receive them after the session that day and over the weekend I was able to go through them thoroughly.

Senator Frith: It is still not the printed version.

Senator Molgat: Not the printed version; the blues and in one language.

However, I was able to read what went on, and I found that my colleagues, Senators Stanbury, Lewis, Olson and Bonnell had asked the majority of the questions that I was concerned about. One concern I had was that, in the giving of authority to many people in the system, they not be given the authority to actually proceed to sell, to make the decision for sale at the local level. That I think has been cleared up. In effect, the bill allows them to sign documents on behalf of the government down to local levels across the country but not necessarily make the decision to do so. My other concerns were: That it be transparent, that anything done in this regard be done in public, that sales be public sales; that the information about what value the government received for the public property sold be made available to all Canadians; that the Canadian people, who are the owners of all this land in the name of the government, be assured of receiving full value for whatever the government disposes of.

I am satisfied from the answers given that, to the extent possible, those concerns are covered, and I have no objection to the bill proceeding.

Motion agreed to and bill read third time and passed.

[Senator Stewart.]

BUDGET IMPLEMENTATION BILL, 1991

SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Atkins, for the second reading of Bill C-20, An Act to amend certain statutes to implement the budget tabled in Parliament on February 26, 1991.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, this bill covers a good deal of ground and I think it is important that our debate also cover a good deal of ground. Senator Hébert has covered much of the ground, certainly that part of it dealing with unemployment insurance premiums. I mentioned on Friday that I wished to speak on some other aspects, particularly those aspects of the bill that deal with Established Programs Financing.

● (1550)

Eighteen months ago, we had before us the precursor of Bill C-20. That legislation was Bill C-69 and it limited the growth in Canada Assistance Plan funding to 5 per cent per annum for the provinces of British Columbia, Alberta and Ontario. The province of British Columbia initiated a legal challenge to the federal Government's unilateral action, which it ultimately lost.

Although the federal government apparently acted lawfully, there was little justice in the outcome because by limiting CAP funding, the affected provinces were constrained in their ability to provide the basic necessities of food, shelter and clothing to those living in poverty, and this at a time when the government was guiding the entire country into a severe recession.

In addition to limiting CAP funding, Bill C-69 also froze Established Programs Financing or EPF. That, honourable senators, is what we will be voting for when we vote on this bill. In order to prosper and for our people to prosper we need accelerated education and training. Many of us on both sides of the house give speeches about how Canada is falling behind and that the race is going to those who are swift in the field of education.

Established Programs Financing, or EPF, established in 1977, covers a substantial share of provincial health and post-secondary education costs. Within the last year or two, I doubt that there is a senator in this chamber who has not spoken about the importance of education and been proud of Canada's health care program.

If we in the Senate believe that those two branches ought to be strengthened, or at least protected when it refers to health, then we would expect that legislation brought forward by the government—that we would be eager to support—would increase the funding in those two areas.

In fact, by this bill, for the fiscal years 1990-91 and 1991-92, increases to EPF would be limited to increases in population growth alone regardless of actual costs. Page 74 of the 1990 Budget papers discloses that the effect of the two-year freeze will be to reduce EPF transfers by $7.364 billion

over five years. That two-year freeze is now being extended by Bill C-20, the bill before us, for an additional three years until the 1994-95 fiscal year.

At page 74, Table 3, under "A. Expenditure control plan", there are: "1. Key exempt program; 2. programs constrained to 5 per cent; 3. Programs frozen for two years." Under No. 3, the first item is "Established Programs Financing (per capita)". For 1990-91 it is $89 million; 1991-92 it is $1,541 billion. Under the column entitled "five-year savings"—"savings", of course, is the euphemistic way of expressing the loss to Established Programs Financing—is the figure $7.364 billion.

1990 was not the first time that this government tampered with Established Programs Financing, the very program that I believe every senator supports because of its importance to educational programs and health care.

The formula was originally changed in the 1986 budget. That was part of the federal Government's plan to reduce the deficit. Ottawa announced unilaterally that EPF entitlements would no longer grow with the economy as a whole but would be held to economic growth minus two percentage points.

At a time when we have all been saying that we need to increase funding for education, the government moves to hold increases to economic growth minus two percentage points. So, instead of leading, it is behind economic growth.

The government further reduced the formula in the 1989 budget to increases in the Gross National Product minus three percentage points. Looking at this noble, universally-supported plan for educational funding, we find that it is being held back, not increased. One cannot help but see that, in four of the last six budgets, this government has reduced its support for education and health care in Canada.

With respect to education, we can only question the Government's action in view of its dire warning—and goodness knows we all support that warning—that Canadians must prepare themselves for a tough new competitive world. Well, some preparation! We are preparing ourselves for a tough new competitive world by reducing our funding for education.

The 1990 budget established the total freeze on per capita transfer payments beginning in 1990-91. This bill is designed to continue the freeze which has already led to a major drop in cash transfers totalling $321 million in 1990-91. This amount is expected to total $971 million in 1994. This is considering cash transfers alone. The impact on post-secondary education of the cuts to EPF is even more significant when we include the cuts in tax transfers as well. The cumulative loss since 1986-87 to post-secondary education—the very area that seems to have unanimous support across the country with all parties—is $3.3 billion. The total cuts this year alone are more than $1.3 billion.

I have a chart showing the impact of the cuts to Established Programs Financing on post-secondary education, both cash transfers and tax transfers. The annual loss in 1986-87 was $90.843 million; 1987-88, $194.919 million; 1988-89, $312 million. Honourable senators will note that it keeps going up. In 1989-90, it was $446.701 million; 1990-91, $903.384 million, almost a billion; and then in 1991-92, $1.328 billion. The total cumulative loss to post-secondary education is $3.277 billion. The source of those figures is the Canadian Federation of Students' brief to the House of Commons Finance Committee.

• (1600)

Department of Finance documents themselves show that the cash transfers for post-secondary education will be zero for the province of Quebec by the year 1994-95. It is projected that Ontario will follow suit in 1999-2000, and within 10 to 15 years the remaining provinces will have followed. By that time, cash transfers for post-secondary education will be zero for all provinces.

Statistics show that Canadian students are paying more and receiving less. The total operating income for Canadian universities, as expressed in constant dollars, has fallen substantially. When combined with increases in tuition fees, decreased transfer payments to the provinces from the federal government will lead to the very thing we do not want to have, claim we are against, and would not want to have happen in Canada, namely, a second-rate education system for the country. That in a time when we are told, and we all agree, that we must be preparing ourselves for a tough, new, globally-competitive environment.

These cuts to education funding will mean fewer available courses, larger classes, decreased resources for research, inadequate library facilities, deteriorating buildings, and increases in user fees to make up for the shortfall. These are all things that we hear from platforms and on television and at conferences, all lamenting the fact that Canadians might find themselves with a second-rate education, with all that that implies. Well, if we do not want that to happen, we should not vote for this bill. The reality of these cuts is that Canadian students will be graduating with less than an optimum education if they get to university at all.

This freeze on transfer payments is not the only barrier to higher education that this government has imposed on Canadians. Two years ago, the government began privatization of the Canada Student Loans Program. This year, a 3 per cent tax on student loans was imposed on students. This is a tax on those who can least afford the cost of education. The government has introduced Canada's first tax on reading, as we know, by applying the goods and services tax to books and periodicals. A cap has been imposed on the funds available for a post-secondary student support program which provides assistance to Aboriginal students. The federal contribution to university research and development has declined from 36.2 per cent of total university research and development expenditures in 1984-85 to 32.6 per cent in 1989-90. International students are now expected to pay a $75 visa processing fee in addition to tuition fees ranging from $6,180 to $10,313. If the trends and the momentum set up by this legislation and its predecessors continue, are these the kinds of fees that Canadian students will one day have to face? Funding for the Summer Employment Experience Development Program has plummeted from $149.3 million in 1985 to just $80 million in 1991. The federal

government has closed its Canada Employment Centres on campuses across the country.

Financing of post-secondary education is not simply an expenditure on the part of the government; it is an investment in the future of Canada. The prosperity of Canada depends on the excellence of its educational institutions. On that point we all agree. The government agrees that the prosperity of Canada depends on the excellence of its educational institutions. All the provincial governments agree. All the municipal governments agree. All politicians agree. All Canadians agree. Yet this bill is a nightmare as far as those objectives are concerned. The government obviously does not think that the future of Canada is worth the investment. By extending the freeze, which is what this bill does, on EPF transfer payments which help provinces fund post-secondary education, the government has made it clear that its priorities do not lie in educating Canadians for the challenges that lie ahead.

Another jewel in the Canadian crown is health care. We are held up around the world as having a health care system envied and which others wish to emulate. However, health care costs comprise approximately one-third of provincial government budgets. Among the provinces, health care spending varied from a low of 7.7 per cent of the provincial GDP in Alberta to a high of 12 per cent in Prince Edward Island in 1987. The five year freeze on entitlements under EPF will effectively end any meaningful federal role in Medicare and will lead to an early end to Medicare as a national system of health insurance. Must we prepare for that? Is that what we are saying? Is that the policy now, namely, that we are going to leave it all to the provinces? Are we going to have a national program in the future? Certainly that is the policy of this legislation. The tragedy goes far beyond the jeopardy of these services themselves. Our health care system is one of the things that most sets us apart from the other countries in the Americas.

Kathleen Connors, Chairperson of the Canadian Health Coalition, testified before the House of Commons Standing Committee on Finance on Bill C-20. She said that:

> Bill C-20 . . . marks the 30th anniversary of the establishment of medicare in this country.
>
> At a time when our country is deeply involved in an effort to preserve national unity, our medicare system stands out as a symbol of national identity. As Canadians, we hold our health care system in higher regard than any other service our governments provide. It is the most visible and valued return that we get from our taxes and one of the few national programs that unites us from coast to coast to coast and makes us proud to be Canadians.
>
> We submit to this committee that the preservation of medicare is important to our Canadian identity, as it is to our physical well-being. Yet the federal government is abandoning its historical role in financing health care, without which the system itself will inevitably disintegrate.

[Senator Frith.]

• (1610)

The delivery of health care services is within provincial jurisdiction under the Constitution. However, the federal spending power has allowed federal government involvement in this area. Without this fiscal incursion, how will Ottawa continue to maintain its presence in the health care system?

Limiting the growth of transfers under EPF raises concerns about the ability of the federal government to continue using the fiscal vehicle to enforce national medicare principles under the Canada Health Act. Under the budget proposal, Ottawa apparently intends to withhold federal payments other than payments for health care from provinces and territories which do not respect the principles of the Canada Health Act once the cash portion of EPF runs out. But how will that work in practice?

Will the government cut back further Canada Assistance Plan funding, thus punishing the destitute and punishing parents looking for affordable day care services? Will the government cut back on transfers for coastal marine transportation services? Perhaps it will withdraw payments under the Official Languages and Education Program, which helps fund second language training. What about crop insurance programs, young offenders' services and territorial financing for the territorial governments? Perhaps the government will go after equalization payments.

It seems that there is nothing too sacred to withstand the type of cuts that we see in this bill. Nothing could have been more sacred—and we think is still sacred—than post-secondary education and our health care plan.

All I can say is that this is a most curious way for a federal government to behave. A province takes measures inconsistent with a national health care program, so the federal government responds by punishing the poor of that province, or its farmers, or those trying to learn our other official language. I suppose that is a new form of cooperative federalism.

The fact of the matter is that the increase in tax transfers as a percentage of the federal contribution leads to a decrease in the cash component of transfers. As the tax transfers grow in value, the actual cash sent to the provinces diminishes. The consequence of this shift is that the federal government is abdicating its policy role over the health care system, just as it abdicates its policy role in the Telesat bill with which we were dealing a few moments ago. It will eventually lose fiscal power to withhold moneys from provinces that breach the national health care standards. It is important to note that without the involvement of the federal government, and I think we would all agree on this, it is unlikely that we would ever have had a national medicare system in Canada. Federal government leadership remains essential to help protect the basic principles enunciated in the Canada Health Act.

We believe that Ottawa should continue to require compliance with the provisions of the Canada Health Act and the five basic principles of medicare—universality, accessibility, comprehensiveness, portability and public administration. This can only be done if the federal government fulfils its fiscal

responsibilities to the program through continued EPF funding.

Bill C-20 will have disastrous results on our health care system. It has been projected that Quebec will stop receiving federal money for health care in 1995, Ontario by 1998, and the other provinces one by one thereafter until 2002, when all cash transfers for health care under EPF will have been terminated.

If we are in favour of post-secondary education and support the need for increased funding in order to bring about the achievement of objectives in better qualified Canadians to compete in this tough global world that we are told we are in, how can we vote in favour of this bill? Bill C-20 is a statement of government priorities. It puts both education and health at the bottom of the list. I find it hard to believe that that is the wish of the government. Looking across the aisle at the government supporters—I think I know how they feel about these two fields—I find it hard to believe that they consciously or willingly support such a policy. That is to say, putting education and health way down the list of priorities. It is in the funding and not in the speeches that the story is told.

What we have is no commitment to promoting higher education for Canadians, nor any commitment to the national medicare system. By extending the freeze on Established Programs Financing, which is what this bill does, the government is saying to all Canadians that there is no need for quality education and there is no need to ensure that national health standards are kept intact.

In closing, I would like to recall the words of the man who has master-minded the erosion of our national programs. I have cited, honourable senators, the gradual decrease, the gradual erosion, of EPF support. It was Michael Wilson who warned that cuts to Established Programs Financing:

> . . . could have disastrous effects on the universities and on the colleges, on the hospital funding and on the operations of the hospitals. Let us not make hospitals, universities and colleges a battleground between the federal government and the provincial governments. Let us solve those problems not on the backs of the hospitals and universities; let us solve those problems outside of that arena.

Some hon. Members: Hear, hear!

I agree with Mr. Wilson, but he said that in 1982, long before he chose to unload his own problems onto the backs of those hospitals and universities.

The Hon. the Speaker: It was moved by the Honourable Senator Kelly, seconded by the Honourable Senator Atkins, that this bill be read a second time.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (1620)

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Kelly, seconded by the Honourable Senator Atkins, that Bill C-20 be now read the second time.

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Kinsella
Barootes	Lavoie-Roux
Bélisle	Lynch-Staunton
Bolduc	MacDonald
Cochrane	(*Halifax*)
Cogger	Murray
Comeau	Oliver
David	Poitras
Doody	Robertson
Doyle	Rossiter
Forrestall	Simard
Johnson	Spivak
Kelly	Teed—26
Keon	

NAYS

THE HONOURABLE SENATORS

Adams	Hays
Corbin	Leblanc (*Saurel*)
De Bané	MacEachen
Frith	Molgat
Gigantès	Stewart
Graham	Stollery—12

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

REFERRED TO COMMITTEE

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

On motion of Senator Kelly, bill referred to the Standing Senate Committee on National Finance.

[*Translation*]

NATIONAL FINANCE

NOTICE OF COMMITTEE MEETING

Hon. Fernand-E. Leblanc (Saurel): Honourable senators, I would like to inform you that the Committee on National Finance will sit this evening at 5.30 p.m. in Room 257 of the East Block to consider Bill C-20.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, December 17, 1991

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

Prayers.

SENATORS' STATEMENTS

CHRISTMAS FELICITATIONS TO SENATE STAFF

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as it is apparent that, barring very unforeseen circumstances—and I emphasize the word "very"—we are but a few hours away from adjournment, I want to take this occasion to extend, on behalf of the government, best wishes for Christmas and the New Year to all those who contribute to the smooth and efficient running of this place.

The Senate presently has 453 employees, and it is to each and every one of them that I extend our appreciation for their carrying out their duties and responsibilities conscientiously and loyally. While we are in constant touch with most of them, or at least many of them, on a more or less regular basis, particularly when we are sitting, there are also many whom we seldom, if ever, see either because they have different working hours or because they are in areas which senators seldom, if ever, have a chance to frequent. If I am deliberately not highlighting one or more groups of employees, it is to emphasize that this expression of appreciation applies equally to each and every one of the 453. May they and their close ones enjoy the best of holidays.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I know that if Senator Molgat were here, he would want to say what I propose to say, and that is to thank Senator Lynch-Staunton for his articulately-worded expression of good wishes from all senators to the 453 employees. I suspect that I speak for all of my colleagues when I welcome the opportunity to say how much the work of our employees, all of them, contributes to the pleasure that I have and I think all of us have, in being a Canadian senator. I do not want to be accused of excessive sentimentality when I say the Senate is like a big family, but I can say without excessive sentimentality, based on my own experience, that that is the way I feel about this place.

I want to add my thanks to all of those who day after day, hour after hour, to make this place a joy to work in, and of course to wish them all a very Merry Christmas and a very Happy New Year.

RIGHTS OF THE CHILD

PEACE ON EARTH AND GOOD WILL AMONG PEOPLE

The Hon. Noel A. Kinsella: Honourable senators, there is a convergence of three events which can be underscored today. The first event is the arrival last evening in the lobby of the Senate of the British North America Act. The second is the Christmas appeal to men and women of good will to strive for peace and solidarity. The third event is the ratification last week by Canada of the United Nations Convention on the Rights of the Child.

Honourable senators, as we enter the 125th year of Confederation, we may do well to focus on what the Fathers of Confederation were able to bequeath to their children and the generations following them until it has arrived in our hands to pass on to our children. What I see is a country that has been a success story in direct proportion to the triumph of the spirit of peace on earth and goodwill among our people.

Honourable senators, we must never allow ill will or ignorance to gain any currency in Canada. It was, therefore, fitting that New Brunswickers were given an excellent example last week by the Bishop of Saint John, who spoke out strongly and correctly against the hostile anti-French posture of the leader of the Confederation of Regions Party, who is also the Leader of the Opposition in the New Brunswick Legislative Assembly.

Honourable senators, place yourself in the shoes of the young Acadian child who sees a political leader advocating the removal of the Acadian flag from the top of the legislature building, and the removal of French-speaking New Brunswickers from positions of influence in government. Bishop Troy is correct in describing this attitude as "the politics of fear and prejudice". It is clearly an attitude that all honourable senators would agree has no place in the public affairs of Canada.

[*Translation*]

Let us offer children the world, at least for a day.

Let us give it to them so that they can play with it like a multi-colored balloon

so that they can play as they sing among the stars.

Let us offer children the world,

Let us give it to them as a great big apple

as a ball of warm bread,

So that for at least one day they can eat their fill.

Let us offer children the world,

so that at least one day the world will learn comradeship,

children will take the world from our hands

and plant immortal trees there.

[*English*]

DISTINGUISHED VISITOR IN GALLERY

The Hon. the Speaker *pro tempore:* Honourable senators, may I bring to your attention that we are honoured this afternoon to have in the gallery Dr. Helen Forde, who is Head of Preservation, Public Records Office, London.

Dr. Forde is here to bring the BNA Act to Canada, and it will be on display during 1992 for visitors to the Parliament of Canada.

Hon. Senators: Hear, hear.

[*Translation*]

BUDGET IMPLEMENTATION BILL, 1991

REPORT OF COMMITTEE

Hon. Fernand-E. Leblanc, Chairman of the Standing Senate Committee presented the following report:

Tuesday, December 17, 1991

The Standing Senate Committee on National Finance has the honour to table its

FIFTH REPORT

Your Committee, to which was referred Bill C-20, "An Act to amend certain statutes to implement the budget tabled in Parliament on February 26, 1991", has, in obedience to the Order of Reference of Monday, December 16, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

[*English*]

THIRD READING

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

Hon. William M. Kelly: Honourable senators, with leave, now.

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

Hon. Royce Frith (Leader of the Opposition): Honourable senators, concerning the question of leave, there should, of course, be one day's notice with respect to this motion. The purpose of that notice is understood to be in order to give an opportunity to senators to prepare for debate at third reading and, in particular, to give senators an opportunity to study any reports from committees leading to third reading.

We expect to make an intervention at third reading, but we are prepared to make it today. There would be no reason not to give one day's notice if the Royal Assent had not been prepared for today, since the passage of this motion would not advance the legislation in any way.

This is legislation which we oppose. However, I think we can register our opposition today.

I thank honourable senators for giving me an opportunity to make that somewhat lengthy intervention to explain why we are giving leave, but that is why we are giving it. It is the principle upon which we sometimes do not give leave to proceed directly to third reading.

In this case, however, for those reasons, we grant leave.

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

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* With leave of the Senate and notwithstanding rule 59(1)(*b*), it is moved by the Honourable Senator Kelly, seconded by the Honourable Senator Kinsella that this bill be read the third time.

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

• (1410)

Hon. John B. Stewart: Honourable senators, it would be far better if we had the record of the committee's meeting available to us. That meeting took place last evening and it was a very instructive meeting. I think there are two things we ought to recall from the meeting.

One is that this bill will authorize the executive government of Canada to hold back payments to any province which is not conforming to the requirements of the Canada Health Act, even though those payments are not directly related to Established Programs Financing. Honourable senators realize that because of the effect of the freeze on the cash transfers to the provinces, the amount of the cash transfers, is a diminishing wedge. As the yield from the tax points goes up relative to the eligibility of the province, the amount of cash supplement that is required tapers down. Of course, that will be accelerated by reason of the extension of the freeze on the escalator clause.

Particularly in the case of Quebec which has opted to receive the yield of additional tax points, the ability of the government of Canada to use a holdback on cash transfers will disappear at a certain point within the Established Program Financing regime. Consequently, this bill makes it possible for the executive government of Canada to hold back other moneys, for example, moneys which the provincial government would be eligible to receive by reason of equalization. I mention that because I think it is important to realize what is happening with regard to transfers for the purposes of these established programs.

I want to spend a little more time on something else which emerged in the meeting of the committee last evening relating to the increasing premiums for unemployment insurance. This bill retroactively authorizes increases in premiums to be paid in the unemployment insurance program. In the course of the work of the committee last night, an observation was made that it seemed inappropriate that the unemployment insurance

fund should be used, not for employment insurance purposes but rather for social purposes where, because of untoward circumstances, there was simply no work at all. An example would be a situation where ice moves in on a coast line and closes down the fishery in a quite unpredictable way.

It was very interesting and moving to have the Minister say it was entirely appropriate, suitable and applaudable that the unemployment insurance fund should be used for these social purposes. He defended that with vigour. Honourable senators will recall that a little over a year ago this House passed Bill C-21. That bill went through on October 22 of 1990, I believe. One of the effects of Bill C-21 was to terminate the government's contribution from general revenues to the unemployment insurance fund. As a result of the passage of Bill C-21 on October 22, 1990, the fund now draws money from two sources: contributions by employers and contributions by employed persons.

The effect of Bill C-21, as some of us forecast in 1990, and as was discovered last night, is that when these social difficulties—disasters in some cases—occur, the unemployment insurance fund is used and the money that is being expended to meet these undoubted requirements is being provided by employers and employees elsewhere in the country.

It is very questionable how long this can be done when the general economy is in trouble because, as we were told last night by one of the departmental witnesses, there is a point beyond which the premiums cannot be increased to recoup the fund without imposing a dampening effect upon economic activity. The employer has to pay his workers as well as his contribution to the unemployment insurance fund. The employee, in turn, has to make his contribution. Indeed, he may go to his employer and ask for a little increase in wages because the deductions for unemployment insurance are going up.

All in all, this imposes an additional difficulty for people who want to engage in business enterprises and to create jobs. In a sense, as a result of Bill C-21, we are imposing economic difficulty upon employers and employees generally in order to deal with specific serious social circumstances.

The position this party took when Bill C-21 was before the house was that when these difficult social circumstances are to be dealt with by the Government of Canada, the burden ought to be borne by all of us generally rather than to have it imposed specifically upon employers and employees. The testimony we heard last night confirmed in my mind that those of us who opposed Bill C-21 were wise in that opposition.

● (1420)

Bill C-21 is beginning to come home to roost. It would be unfortunate to give retrospective approval to Bill C-21 by voting in favour of the bill which is now to be read the third time.

Some Hon. Senators: Hear, hear!

Senator Frith: Honourable senators, at third reading, which we are proceeding to without the one day's notice, I want the record to show that, for all of the reasons articulated by Senator Stewart and those put on the record by Senator Hébert and myself yesterday, we are opposed to the passage of this bill. I cannot say anything more than to refer anyone interested as to our reasons to the record of those debates earlier this week and last week.

The Hon. the Speaker *pro tempore:* Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*b*), it is moved by the Honourable Senator Kelly, seconded by the Honourable Senator Kinsella, that this bill be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: No.

The Hon. the Speaker *pro tempore:* On division.

Senator Frith: Honourable senators, we are content to have the vote recorded on division, but the Acting Whip tells me that, since the description "on division" is somewhat ambiguous, all of us here today are unanimously opposed to the passage of this bill.

Hon. Lowell Murray (Leader of the Government): On your side.

Senator Frith: On our side, yes. No one on that side? Senator Murray? Should I keep talking?

Therefore, if that is clear, it can pass on division.

Motion agreed to and bill read third time and passed, on division.

[*Translation*]

TELESAT CANADA REORGANIZATION AND DIVESTITURE BILL

REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, December 17, 1991

The Standing Committee on Banking, Trade and Commerce has the honour to present its

TENTH REPORT

Your Committee, to which was referred the Bill C-38, An Act to provide for the continuance of Telesat Canada under the Canada Business Corporations Act and for the disposal of the shares therein of Her Majesty in right of Canada, has, in obedience to the Order of Reference of Monday, December 16, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

THIRD READING

The Hon. the Speaker *pro tempore:* When shall the bill be read the third time?

Hon. Jean-Marie Poitras: Honourable senators, with leave of the Senate, now.

The Hon. the Speaker *pro tempore:* Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*b*), it is moved that the bill be now read the third time. Is it your pleasure to adopt the motion?

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, for the same reasons expressed with respect to the previous bill, C-20, we are prepared to grant leave today. In this case, as in the case of Bill C-20, we have another reason for one day's notice being required and normally taken, and that is that we do not have the proceedings of the committee before us. I did ask for a copy of the "blues" and received them this morning. I will now tell you what happened in the committee yesterday.

The minister appeared and expressed the rationale for the government's action in completing the privatization of Telesat. There were a series of questions asked of the minister. We know about the reasoning of the government from the intervention by Senator Oliver yesterday at second reading; most of the opening statement made by the minister yesterday in the committee was the same as that given yesterday in the chamber by Senator Oliver.

We did ask a certain number of questions of the minister. The answers given were again related to the Government's judgment that, as a matter of policy, this privatization was well advised. Their best judgment was that it was timely and that the necessary protections were in place for those people affected as a consequence of it. All of these positions are contrary to the positions we had taken.

Finally, the questioning focused on two elements. Perhaps before I turn to those two elements, I should say that we also raised a similar question to that raised in the house about the official languages policy. Honourable senators will remember that in the house yesterday I stated that we had received word from the Office of the Commissioner of Official Languages that, technically, there was no application of the Official Languages Act to this corporation because it had already been partially privatized; that is, that it was not a hundred-per-cent-owned Crown corporation and therefore, technically, the act did not apply.

However, we asked whether the provisions of the act would continue to apply, considering the fact that the government was maintaining a 10-year monopoly for Telesat, and that there would be a role for the CRTC that together resulted in some continuing control, or at least supervision by the government. The answer we received was that there were undertakings to be given and that, in effect, the "specs"—if we can call it that—for any tender for the purchase of the company from the government would include a request for undertakings as to the application of the act, and if not every clause and comma of the act, at least its spirit and intent.

Having tidied up that loose end, that brought us to the question of two amendments that I told the minister I was proposing, and I explained what they were about.

• (1430)

The first one dealt with the protection of the minority shareholders. My amendment was to provide that the ultimate purchaser of the government's shares would also be required to purchase the shares of minority shareholders who wish to sell out at the same time. The amendment defines a minority shareholder as one who holds less than 3 per cent of the shares of Telesat. The reason for that is that if we applied the amendment to all minority shareholders then one of the most likely prospects for purchase of the company would be included, that is the telephone companies. Since they own more than 3 per cent, the amendment was to relate only to those under 3 per cent.

The significant minority shareholders under 3 per cent are the employees; 877 employees of Telesat who together hold one per cent of the shares of the company. The potential evil that the amendment was directed at was that, as things now stand, these minority shareholders are locked in. There was testimony in the House of Commons on the subject but it was not absolutely clear as to whether or not these minority shareholders could freely dispose of their holdings while the government bargains with various suitors, trying to strike a deal for its shares. Essentially the minister told us in the committee yesterday—I am not citing him, I am abbreviating, summarizing or in some cases paraphrasing his answer— that no amendment was necessary because the minority shareholders have a shareholders' agreement that protects them against the very eventuality that the amendment addresses.

My concern for the employees was shared by Senator Simard and Senator Kelly. So the way we left it was that rather, than my proposing an amendment in the committee, Senator Poitras, the chairman of the committee, and Mr. McDermid, the minister, and his staff agreed to try and get us some material that would satisfy us that the amendment was unnecessary. Senator Poitras has been diligent in obtaining that information. He provided me with three documents earlier today. Because I am sure all senators are interested in the welfare, position and rights of these employees, I shall refer to them. I know all senators are interested, and particularly Senator Simard, Senator Kelly and myself.

The first document is from the privatization branch. It is addressed to the clerk of the Banking, Trade and Commerce committee, Mr. Serge Pelletier. The covering fax reads:

> Further to our conversation, attached are the first four pages of Eldon Thompson's, President of Telesat Canada, testimony to the Legislative Committee in the House. As you will note on the fourth page of this testimony between lines 80 and 87, Mr. Thompson explains that the company

does not have a union nor a formal employees' association.

That paragraph really gives the background. The document reads, in part:

> You had asked for some comments from the perspective of the employees. Telesat does not have a union, nor does it have a formal employees' association. But I think that we probably have the highest level of communications between employees and between management and employees of any company, certainly in this city. I think that I'm aware of the view of the employees in general towards government divestiture.
>
> Generally, that view is a positive one, which would feel that government divestiture is a step which will enhance the company's ability to remain competitive in the telecommunications future and to survive. There are a couple of nagging employee concerns.
>
> One of these is whether a new majority owner might choose to change the headquarters location. Three-quarters of our employees live in Ottawa and work at our headquarters location here. A move to another area would be regarded very negatively by these people, as being very disruptive to their lives.
>
> The second concern is whether a new majority owner might choose to have the company withdraw from some areas of its business, notably from the provision of competitive private-line markets.

It goes on to deal with a point which does not relate directly with this matter, but I give you that as some background about the employees, because I had the impression that they had a union or that there was some association, and that the chairman or the president or the legal advisor of the association could assure us on this point. They cannot, in that sense.

● (1440)

The next document I have is from a Mr. Bartlett of Telesat. He is the Vice-President of Finance and Administration, and Treasurer. It is addressed also to the clerk of the Standing Senate Committee on Banking, Trade and Commerce. It reads as follows:

> With regard to the concerns that Senator Royce Frith tabled in the Senate regarding the rights of Telesat employees when selling their Telesat shares, I enclose a copy of the "Telesat Canada Employee Stock Ownership Plan" which details all aspects of the plan including employee eligibility/enrolment requirements, purchase, issuance and registration of shares, the price and sale of shares, etc.
>
> I trust the enclosed will be sufficient . . .

and so on.

In the time I had, I did not have a chance to go through this entire agreement. It is 30 pages, and it was not highlighted to help me focus on the provisions of the agreement that dealt with the problem that is addressed by the amendment. I cannot, therefore, tell you anything about the related clauses. I wish I could refer to its very words, but I did not have the chance to do that in the time provided.

We also have from the same Mr. Bartlett a letter to the chairman of the committee, Senator Jean-Marie Poitras, dated today. It reads as follows:

> Further to your enquiries, this is to advise that Telesat's employees have been kept fully informed on the matter of the Government's divestiture of its shares in the company both prior to the introduction of Bill C-38 and at the time of the introduction of the Bill. The contents of the Bill along with the Ministers' statements were also made available to all employees. Further, the President wrote to all employees explaining the process and the contents of the legislation. The process timetable and status report were also reviewed at a General Management Meeting held November 29, 1991.
>
> Other than the usual concerns that would surface when a company is about to change its majority ownership, no other concerns have been expressed by the employees. In fact, given that the Minister will ensure that the Employee Benefit Plans, Pension Plan and Employee Stock Ownership Plan are to be maintained, most concerns have been answered.
>
> With respect to the Employee Stock Ownership Plan, I should point out that, when it was introduced in 1989, the Government's divestiture of its shares was anticipated, however, it was unknown at that time if the Government would proceed through a public issue of its shares or through a bid process. Therefore, the plan allowed for a public stock issue by way of changing the pricing of the shares from book value to market prices.

That is important.

> If, on the other hand, a public issue was not completed, the plan continues using the Company's book value per share for both the sale and disposition by employees. As the Government has stated that the Employee Stock Ownership Plan must remain in place—

These are the important words from Mr. Bartlett.

> —employees are not disadvantaged and, in fact, may be considered advantaged in that the price per share is not and will not be subject to the vagaries of the stock market.

Honourable senators, I certainly take Mr. Bartlett's word. As I said last night in committee, I would like to have had something directly from the employees telling the Senate, "Look, we do not need that amendment. We are properly protected by our agreement." This is second best, but not third, fourth or fifth best.

MOTION IN AMENDMENT—WITHDRAWN

Honourable senators, my first amendment is as follows:

> That Bill C-38 be not now read the thrid time, but that it be amended in Clause 5
>
> (*a*) by striking out lines 5 to 7 at page 3 and substituting the following therefor:

"5.(1) Subject to subsections (1.1) and (1.2), the Minister, on such terms and conditions as the Governor in Council may approve, may";

(*b*) by adding immediately after line 13 at page 3 the following:

"(1.1) The Minister shall not sell or otherwise dispose of shares transferred to the Minister by section 4 unless the buyer of such shares undertakes in writing

(*a*) to buy, at the same price as the price paid by the buyer for shares sold by the Minister, that proportion of

(i) such number of shares of Telesat as are offered for sale by minority shareholders of Telesat one year after the day the shares of Telesat are offered for sale by the minister

that

(ii) the number of shares bought by the buyer

is of

(iii) the total number of shares offered for sale by the Minister, and

(*b*) to pay the purchase price of shares of minority shareholders of Telesat referred to in paragraph (*a*) not later than six months after the day such shares are offered for sale.

(1.2) For the purposes of subsection (1.1), "minority shareholder of Telesat" means any shareholder of Telesat, except the Minister and members of Telecom Canada, who holds less than 3 per cent of the shares of Telesat."

Honourable senators, and particularly Senators Simard and Kelly, I think it is evident that that is a more solid protection for the employees than the letter that we have. It may not be any more solid than their rights under the agreement. Since we are proceeding directly to third reading without the one day's notice, I cannot say, and have no legal opinion on, whether or not their protection under the agreement is as solid as the protection provided for in the amendment.

Perhaps the best way to proceed, since I intend to propose an additional amendment anyway, is to propose that amendment, let Senators Kelly and Simard decide whether they are satisfied, we can vote on it accordingly, and then I will propose my second amendment. Perhaps I better have this amendment handed to the table. I have just read it. It is in English and French. I have a number of copies that can be circulated. I do not have enough for all of us. It says on the top "Amendment 2". I should be "Amendment 1", since I brought it in that order.

Amendment No. 1 is the employees' shareholders amendment. My second amendment deals — yes, Senator Kelly?

Hon. William M. Kelly: Honourable senators, I wonder if Senator Frith would allow me to comment just briefly on Amendment No. 1 before he moves—

[Senator Frith.]

Senator Frith: I think, in fact, it is a better procedure to now continue the debate on Amendment No. 1 if it is understood that I will then be able to propose Amendment No. 2.

• (1450)

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Austin, that the Bill C-38 be amended in clause 5, which reads as follows—

Senator Frith: Mr. Speaker, I think you can dispense with the reading of it, since I have read it already.

Senator Kelly: Honourable senators, I wish to speak very briefly to the first amendment. Dealing with the response Senator Frith has in hand as a result of his question last night, I might say that I was totally in support of the question he raised. I think the question of the protection of minority shareholders is a matter that must be considered carefully and precisely.

I want to state that I will oppose the amendment, not because I am opposed to the question itself being raised in the first place, but because I am comforted by what I heard from Senator Frith. I am comforted further by the feeling I have, having heard him, that employees generally were informed fully all the way through the piece. It is difficult for me to imagine that among that employee group there would not be those who would be receiving legal advice and legal assistance in deciding what they should or should not do in order to be sure that they are protected.

I believe they are fully protected. I understand Senator Frith wanting to have his amendment for greater certainty. That is how I understand his position. I believe he is more than 50 per cent comforted, but for greater certainty is moving this amendment. I think that is what he is seeking.

I want to make it clear that in opposing the amendment I do not oppose the principle of the need to be sure that minority shareholders' rights are protected. It is just that, based on the information I now have, I believe they are.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I fully concur with what Senator Kelly said on this subject. I have nothing to add or take away. I think that I will vote against the amendment. Even Senator Frith seemed to be telling us that since we did not have a legal opinion, he could not speak on the validity of the documents.

For all these reasons, I do not see why I should support this amendment. If my vote should require the House of Commons to come back before Christmas and all that, given the time required as we were told yesterday, I think it would be an unnecessary procedure. I sympathize and approve of what Senator Frith wants to do but I differ on the means that he is using.

[*English*]

Senator Frith: Honourable senators, I am at least 50 per cent sure, as Senator Kelly has said—and I must remember that Senator Kelly is quite experienced in this domain, as is

Senator Simard. They have persuaded me to withdraw my amendment. I am satisfied. I am not perfectly satisfied, but all three of us are significantly satisfied.

Therefore, with leave, I would ask to withdraw the amendment. Do I have leave, honourable senators?

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

Hon. Senators: Agreed.

Motion in amendment withdrawn.

Senator Frith: Honourable senators, I now want to put forward my second amendment, which expresses a totally different concern.

MOTION IN AMENDMENT—NEGATIVED

Hon. Royce Frith (Leader of the Opposition): The CRTC is to have a continuing role with regard to Telesat. Senator Oliver told us about it yesterday, and the minister told us about it yesterday in the committee. Telesat will become a telecommunications carrier in the full sense of the word, but privately owned. Therefore, it will be subject to the supervision of the CRTC. Thus, a provision in the legislation that provides for a continuing role by the CRTC is very much in place. The trouble is that there is an exemption for the very transfer we are now dealing with.

One might say that there ought to be an exemption for this particular transfer because it is just a transfer to implement the legislation. We talked quite a bit in the committee yesterday about any subsequent transfer being subject to the approval of the CRTC, with conditions imposed. We talked about the continuing role of the CRTC in supervising the licensing and the licence of Telesat, as it will now be. For example, when we asked about the continuing role for Telesat in its northern service, and how the government would enforce any guarantees received about continued northern service, we were told that the CRTC would be able to regulate that, make it a condition of licence and enforce it in the way that it enforces all its conditions.

However, it seems to me that the role of the CRTC should extend to this transfer of shares, namely, the transfer of shares implemented by the legislation. As Mr. McDermid put it yesterday, it should include even the transfer from Mr. Mazankowski to Mr. McDermid.

I think that the CRTC's role should be continued because I see the CRTC as playing a role in these matters in addition to the role played by Parliament. The government has made a policy decision with which we disagree. That does not mean that we are absolutely right, or that the government is absolutely right. It is never that way with respect to policy decisions. Our feeling is that this is a mistaken policy decision. But, clearly, the government has both the duty and the right to make such decisions.

However, those decisions are not to be accepted automatically simply because they are made by a Prime Minister and his cabinet. Our system requires certain reviews to balance and to consider the advisability of such policy decisions. Those reviews are not limited to Parliament. We have set up these regulatory bodies to review additionally government policy. For example, to return to the CRTC in another context, government policy is implemented by the CRTC as a condition of licence in other fields, such as broadcasting and other telecommunication fields. That is what that body is there for. It is that for which the taxpayers pay it a good deal, just as they pay us a good deal to review government decisions. We will have done our job in a few moments when we put this legislation through its last parliamentary review.

I see no reason why the CRTC should not also play a role. It is there to tell the people of Canada, "We are here to watch over government policy, as well as private and government activity, in the telecommunications field. This is what we are doing on your behalf. We have people to give us more technical advice of all kinds than is available to the Senate. We are here to use all those resources to review policy and other decisions taken in the telecommunications field."

That is why my amendment removes the exemption and maintains, or preserves, a role for the CRTC over Telesat, including any transfer of shares that is included in this legislation. My amendment refers to section 11. That section provides, as I have said, that any future changes to Telesat will require the approval of the CRTC. Section 11(8) is the one that exempts the government's privatization of its interests in Telesat from CRTC scrutiny.

● (1500)

I see no reason why the government should not be prepared to see that review made by CRTC from its perspective. So my amendment removes the exemption and, if carried, would mean that before the government could dispose of its interests in Telesat, permission would have to be obtained from the CRTC. Those of you who know about the CRTC's processes would agree that, whatever they are, the terms of any transfer of shares will need to be reviewed by CRTC and receive the necessary approval.

Therefore the amendment is quite short. I move:

> That Bill C-38 be not now read the third time, but that it be amended in clause 11 by striking out lines 26 and 27 at page 7 and substituting the following therefor:
>
> "and (2)."

That will have the effect of removing the exemption. I have copies of this amendment in both languages, one for the table and several more. I do not have enough for everyone, but we can share. There are enough. I do not think it needs too careful study of its wording since it is very short. It does achieve the objective to which it is addressed, that of removing the exemption of CRTC supervision and approval to all transfers of Telesat shares.

The Hon. the Acting Speaker: Honourable senators, it has been moved by the honourable Senator Frith

> That Bill C-38 be not now read the third time, but that it be amended in clause 11 by striking out lines 26 and 27 at page 7 and substituting the following therefor:

"and (2)."

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

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Motion in amendment negatived on division.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*b*), it is moved by the honourable Senator Poitras, seconded by the honourable Senator MacDonald (Halifax), that Bill C-38 be read a third time now.

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

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Motion agreed to, and bill read third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been recieved:

RIDEAU HALL

December 17, 1991

Mr. Speaker,

I have the honour to inform you that the Honourable William Stevenson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 17th day of December, 1991, at 4:00 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

JUDITH A. LAROCQUE
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

ADJOURNMENT

Hon. John Lynch-Staunton (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move

[The Hon. the Speaker.]

THAT, when the Senate adjourns today, it do stand adjourned until Tuesday, February 11, 1992, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

NUNAVUT

CREATION OF NEW TERRITORY

Hon. Willie Adams: I do not have any questions. I would like to congratulate the government today. We have had very good news over the last couple of days about the creation of Nunavut by way of the settlement of a land claim by the Department of Indian Affairs and Northern Development and Minister Tom Siddon. It is a historical moment for the Inuit who have lived in the Northwest Territories for the last so many thousands of years. I notice today especially some mention of the 125th birthday of Canada. We have been living here a lot longer than that, and are finally getting settlement for our land claims in the Northwest Territories.

• (1510)

I think all honourable senators understand that this land claim is a little different from any other land claim. We do not say that only Inuit can live in the area covered by the land claim. All Canadians will continue to belong to the territory in the future.

Close to 19,000 Inuit people live in that area which comprises one-fifth of Canada. It is well known that we have been negotiating land claims in the Northwest Territories for nearly 25 years. We understand that some of our neighbours are not too happy. We have been negotiating land claims for a long time and we are happy to be done with it.

In the future, our territory will be called Nunavut. We who have lived in the area for many thousands of years have learned from the rest of Canada. We see that in the rest of Canada there are environmental problems, such as those concerning contaminated water. Some of the animals that lived in the north for thousands of years are extinct today.

We understand that it will cost a great deal of money to set up a system of administration for the area. At the present time, we do not have the resources to govern ourselves. We will need Canadians from the rest of the country to help us to administer our land in the future.

There have been Canadians from the south living in the north for many years who have been teaching us administration. It was announced yesterday that over 18,000 Inuit who live in the Eastern Arctic will be affected by this settlement. Many school teachers, administrators, social workers and others from the south live in the area. They will not be

affected by the land claim settlement, and will continue to live there in the future just as they do today.

There has been a legislature in Yellowknife since 1966. The majority of its members are Inuit. I hope that the rest of Canadians understand we are not taking anything away from any other Canadians. We just want to control ourselves, our culture, our future and our land in Canada.

Hon. Senators: Hear, hear.

Hon. Lowell Murray (Leader of the Government): Honourable senators, very simply, I am sure that we all warmly appreciate the statement that has just been made by our colleague. An important forward step has been taken. We all recognize that we still have a long way to go. Negotiations, referenda and the like have to be proceeded with. However, the step that has been taken is very important.

I particularly appreciate, as I am sure all honourable senators and indeed all Canadians will, the open and extremely generous attitude that our friend and colleague takes toward the southern Canadians who are living in his land and toward all Canadians, which I think is quite typical of his people. This week has been very rich in promise for his people and I express the hope, on behalf of us all, that that promise will be abundantly fulfilled.

Hon. Senators: Hear, hear!.

CHRISTOPHER COLOMBUS

500TH ANNIVERSARY OF DISCOVERY OF AMERICA

Hon. Peter Bosa: Honourable senators, would the government reconsider its participation in celebrating the five hundredth anniversary of the discovery of America by Cristoforo Colombo, otherwise known as Christopher Columbus?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not understand what we are being asked to reconsider.

Senator Bosa: I would like the government to reconsider whether it is going to participate in the celebration of this very important anniversary.

Senator Murray: Honourable senators, there are a number of celebrations taking place in 1992: the 125th anniversary of confederation; the 350th anniversary of Montreal and the 80th anniversary, I believe, of the sending of the first wireless by his compatriot, Marconi, from Cape Breton. We are celebrating all of those events in 1992. I am not aware that there has been any official position taken with regard to the 500th anniversary of Christopher Columbus' voyage.

Senator Bosa: It was reported in the media that the government had set aside $2 million or $3 million to participate in those celebrations. Recently it was reported that the government had declined to proceed with its original plan. Could the honourable senator make some inquiries as to whether the government would reconsider—

Senator Frith: The short word for it is "renege".

Senator Bosa: —taking part in this very important anniversary.

Senator Murray: Honourable senators, I will have to make inquiries, because I am not aware that there was an original plan on which we have, as my friend says, reneged. I will make inquiries and advise the honourable senators. I hope he and others will want to take part in the 500th anniversary of Cabot's landing in Cape Breton in 1997.

NUNAVUT

CREATION OF NEW TERRITORY

Hon. Jack Austin: Honourable senators, I wish to join with our colleague, Senator Adams, in expressing appreciation for the agreement in principle which has taken place with respect to Nunavut. I spent three years in the old department of Northern Affairs and National Resources ever so long ago. At that time I met Senator Adams and others, such as John Amagoalik. This has been a long process. As Senator Murray said, it has been enhanced by the patience, stability and persuasiveness of the Inuit people, who are a coherent community and are to be admired for their incredible ability to remain a community in that difficult geography.

• (1520)

THE ECONOMY

MEETING OF FIRST MINISTERS AND QUEBEC MINISTER OF FINANCE

Hon. Jack Austin: On another matter, I wish to ask Senator Murray some questions with respect to the proposed meeting of first ministers and the minister of finance of Quebec, which will be held on Thursday, December 19, 1991. My question, in general, relates to the significance of the meeting. Can Senator Murray advise us whether there is any specific agenda? Are there any particular items on the federal government's agenda to raise with the premiers and the Honourable Gérard Levesque from Quebec? Is this essentially a meeting to organize a furthering meeting, as Premier Harcourt has said to the press in British Columbia, according to the *Vancouver Sun* of Saturday last, December 14, 1991?

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is not a meeting to organize a further meeting. I do not exclude the possibility that there will be one or more further meetings, but that is not the purpose of Thursday's first minister's meeting.

The meeting was requested by a number of provincial premiers and acceded to by the Prime Minister. It seemes to us that it is timely and appropriate for the first ministers to meet.

As I have indicated, a federal budget will be presented in the new year. Most of the provincial governments are at a similar stage in their budget cycles, so it is a good time to confide in the premiers, not just the fiscal and economic situation of the government, which is well enough known, but our view of the medium-term economic prospects for the

country. Following that, it would be for the first ministers and the provinces individually to draw their own inferences and take whatever actions they deem appropriate.

The honourable senator is well aware that at any meeting of this kind, with so many different regional interests and fiscal situations in the provinces, the federal government will be faced with conflicting demands from all sides as to how we should deal with matters in the medium term.

We hope to be in a position to explain the soundness of our present policies and to show, with documentary evidence, that those policies are working.

Senator Austin: Honourable senators, Senator Murray's answer harkens back to his phrase of last week when he said the government intended to "stay the course". Today he has added "and explain the course to the premiers".

Is the minister aware of the changing public debate in the United States with respect to its economic course, a course very similar to that of the Government of Canada? For example, there was an announcement within the last 24 hours that U.S. industrial output went down 0.4 per cent in the month of November. There are quotations attributed to Alan Greenspan, Chairman of the Federal Reserve Bank in the United States, that interest rate reduction as a tool in stimulating the economy is no longer sufficient by itself, and that fiscal policy must be turned to in order to encourage spending and new capital investment in the U.S. economy. Mr. Greenspan is quoted in the *New York Times* today as saying that the U.S. recovery will require a change in psychological attitude, that business people simply have no faith in the recovery, that that is a psychological, attitudinal issue, and that, until there is some evidence that investment will create profitable results, no investment will take place. Interest rates are only a factor and not the entire factor in stimulation. That has been proven by the past several months.

Is the government prepared to discuss with the premiers the question of a joint federal-provincial program to restimulate this economy inasmuch as the course that the government has stayed has demonstrated that it cannot and will not bring about economic recovery in Canada?

Senator Murray: Honourable senators, the government is ready, willing and more than anxious to hear concrete suggestions and recommendations from our provincial partners that might help to improve economic growth in the country and step up the economic recovery, which has already started.

If my honourable friend is suggesting that what we ought to agree on is a joint effort to stimulate the economy by lavish, new spending, I hope that the provinces and the federal politicians think long and hard before succumbing to that temptation.

I would not be so bold as to argue with Alan Greenspan, certainly not about the United States economy. However, I think it is fair to say that Canada has recently been achieving more in the way of deficit reduction and control of inflation and economic stability than has been the case in the United States.

[Senator Murray.]

Further to that, while I do not want to cast any aspersions on the situation in the United States, I am, as Senator Austin is, familiar with what he calls the "change" in the nature of the debate taking place in the United States. I am inclined to attribute much of that change to the fact that 1992 is an election year in that country.

Senator Austin: Honourable senators, just a moment longer in this interesting exchange. I do not know what Senator Murray wants to convey when he uses the word "lavish". Is there a difference between lavish expenditures and some other kind in his mind?

Senator Murray: The difference is between turning on the tap and not turning on the tap.

Senator Austin: This, again, is a metaphorical concept.

Hon. Royce Frith (Leader of the Opposition): The tap is never turned on prudently? The very turning on of a tap means it is imprudent?

Senator Austin: Senator Murray's answer may come back to haunt him if, with November 1992 in the contemplation of the U.S. administration, it is decided for the restoration of President Bush and his credibility with the American political public that the American administration will begin lavish expenditures, or will turn on the tap, and then the Government of Canada is found to be locked into an ideological position where its best friend and neighbour has made a change.

• (1530)

Senator Murray: If they turned on the tap and it had the desired effect, why would we have to follow them in the same policy?

Senator Austin: Because the lag in this country could be between nine and 15 months, and I have a feeling that you have better political advice than to follow the course you have suggested.

Senator Murray: There is a lag even when we turn on the tap domestically.

Senator Austin: You can shorten the bottom of the deflationary vee if you pick your timing correctly. My suggestion is that this is a particularly important time for the government and the premiers to consider the economy, because I believe that the government's own deficit is of a size and scale that it would not be prudent for the government by itself to try and restimulate the economy. However, in cooperation with the provinces, this would be desirable.

Senator Murray may be aware that the province of Quebec has announced a major stimulation of the economy of the City of Montreal by proposing to spend $495 million, and that probably is not lavish by Senator Murray's definition. I certainly approve of the policy which the province of Quebec is following in supporting Montreal and its infrastructural situation.

The final point I would like to make is in relation to the psychology to which Mr. Alan Greenspan referred. He spoke in Provincetown, Rhode Island on October 29 and said that

dealing with the U.S. economy was like trying to walk into a 50-mile-an-hour headwind. This is the speech in which he urged a change in fiscal policy to bring about a degree of psychological confidence in reinvestment in consumer demand in the U.S. economy. The U.S. government, in his view, has a larger responsibility than just to stay the course in this circumstance.

I would ask Senator Murray to bear these small pleadings in mind. I believe that something constructive ought to come out of a federal-provincial meeting of first ministers, and perhaps the thing that would give encouragement to Canadians and begin to rekindle optimism would be a collaborative effort between the federal government and the provinces to signal a joint intention to build that optimism with some infrastructural commitments.

I believe with respect to Montreal the province of Quebec is taking the right steps.

Senator Murray: Honourable senators, let me say at once that we are working on the Montreal situation, too, as we are working through our regional development agencies on regional disparities and on creating economic growth in areas of the country that suffer from high unemployment.

The decisions that we have taken sometime ago on such matters as Hibernia, for example, are such as to promise the creation of very considerable employment.

That being said, I take the point that the honourable senator has made about a collaborative effort. A collaborative effort is certainly to be preferred over unilateral effort.

I should however note, as he will have seen in the newspapers this very morning, that the provincial government deficits have increased very considerably in the past year or so.

We are not locked into any ideological position. It is a matter of facing reality in this country in terms of the size of our deficit and our debt and the amount and proportion of our revenue that has to go to service that debt. We have been working on it now for six or seven years and we are showing some results.

We are not locked into an ideological position. We do not have a great deal of room to manoeuvre, but we have some, and our room to manoeuvre is increasing all the time as we make progress in tackling the deficit and the debt.

Further to that, I can only say that Mr. Mazankowski will have a budget coming in in the new year and this is the occasion to reflect on the considerations that the honourable senator has brought up. One thing he can be certain of is that we will not try to achieve some very short-term gain, economic or political, at the expense of the longer term interest of the country.

UNITED NATIONS

RESCISSION OF RESOLUTION ON ZIONISM

Hon. Jerahmiel S. Grafstein: Honourable senators, in the spirit of the season of good will, may I take this opportunity to express my commendation to the Government of Canada and particularly the leadership of the Prime Minister, the Minister of External Affairs and my old friend Mr. Fortier, the Canadian United Nations ambassador on Canada's rather vigorous co-sponsorship of the United Nations resolution passed yesterday rescinding the United Nations Resolution 3379 and expunging from the public record that obscene resolution that equated Zionism with racism.

It is my hope that the process of the rejection of this rather sordid resolution will help restore a modicum of credibility to the United Nations and refurbish the grand original promise that that institution held for us.

Hon. Lowell Murray (Leader of the Government): Honourable senators, let me note simply that, when the resolution was first passed by the United Nations, we—when I say "we" I mean Canada— opposed it very vigorously. That was, I believe, in 1975. We have always opposed it. Our delegation at the United Nations has worked to have it rescinded. We believe it is an extremely positive step for the credibility of the United Nations and for a possible future role of the United Nations in the Middle East peace process. In that connection, let me simply say that I share the hope expressed by my honourable friend.

THE CONSTITUTION

ABSTINENCE FROM CRITICISM OF GOVERNMENT POLICY

Hon. Philippe Deane Gigantès: Honourable senators, I would like to ask the Leader of the Government if he is aware of the fact that by the time we return it will be one year since I have criticized the government on constitutional issues. This has been a strain. It is not easy for me not to criticize the government, especially its representatives in this chamber.

I balanced the necessity of criticizing the government with the necessity of shutting up in order to help the healing of the nation's wounds—and I picked the latter. I would not like, in this festive season, for the members opposite to think that my personal esteem for them has overcome my continuing, implacable, undying, political enmity towards their philosophy—not themselves as persons.

Merry Christmas!

Hon. Lowell Murray (Leader of the Government): Honourable senators, I accept the statement of the honourable senator in the spirit in which it was intended. As a matter of fact, not only had I noticed that the honourable senator had not criticized the government on constitutional matters, I had noted, en passant, in the newspapers comments that he had made and, indeed, articles he had written on this subject. I have collected them together in a single file, together with his previous statements for purposes of comparison, and when I have some leisure time over the holidays I intend to examine them more carefully with a view, perhaps, to commenting during the new year.

• (1540)

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have four delayed answers: One to a question asked to December 3 by Senator Haidasz on correspondence between the Prime Minister and the President of Ukraine; two on December 5, one by Senator Marsden regarding Armenia, one by Senator Molgat regarding Canadian National Railway, and one on December 10 by Senator Bonnell regarding Indonesia.

UKRAINE

REQUEST FOR TABLING OF CORRESPONDENCE BETWEEN PRIME MINISTER AND PRESIDENT OF UKRAINE

(*Response to question raised by Hon. Stanley Haidasz on December 3, 1991*)

Communications with heads of foreign governments are considered to be in confidence and therefore, it will not be possible to comply with the request to table the correspondence between the Prime Minister and the President of Ukraine.

FOREIGN AFFAIRS

ARMENIA—RECOGNITION OF INDEPENDENCE

(*Response to question raised on December 5, 1991 by the Hon. Lorna Marsden*)

Armenian President Ter-Petrosian raised recognition with the Prime Minister in November of this year in Ottawa. Canada is examining Armenia's request and will be responding shortly.

As the Prime Minister said at the Rome NATO Summit, we cannot be indifferent to the legitimate aspirations of the republics or to the shift in power that is taking place. At the same time, we do not want to prejudice the outcome of negotiations among the republics.

CANADIAN NATIONAL RAILWAY

FREIGHT SERVICE TO BE ROUTED THROUGH UNITED STATES—EFFECT ON EMPLOYMENT

(*Response to question raised by Hon. Gildas L. Molgat on December 5, 1991*)

According to Canadian National (CN), the report on the Winnipeg radio station that CN was planning to ship grain and potash from Fort Frances through the United States and by-pass Thunder Bay was speculation. The railway has no such plans.

The CN North America announcement, made by a press release, is a development unrelated to the radio station report. CN is trying to make it easier for existing, and particularly for future customers, to do business with it.

[Senator Murray.]

The moves are designed to give CN a bigger share of the freight business between Canada and the U.S.

CN and its three U.S. railroads are integrating their marketing and operations functions in direct response to the need for more competitive streamlined transportation and distribution services. The restructuring, coupled with recent marketing agreements and joint projects with six of the top U.S. railways, will help CN increase its transborder freight business from the current 400,000 carloads a year.

FOREIGN AFFAIRS

WITHDRAWAL OF AID TO INDONESIA

(*Response to question raised by Hon. Lorne Bonnell on December 10, 1991*)

As a result of the review of the aid program to Indonesia, announced in the House of Commons on November 18, 1991, by the Secretary of State for External Affairs, it was decided to suspend three new aid projects which have been under discussion with the Government of Indonesia. These projects are as follows:

1. The Public Works Professional Development Project which would involve training of Government engineers in Canada;

2. The administrative Modernization Project which would support the Government of Indonesia's efforts to modernize the bureaucratic structure; and

3. The Private Sector Linkages Program which would promote private sector linkages between Canada and Indonesia and would strengthen the Government's economic programs.

In addition, the Government will be giving an immediate grant of $150,000 to the International Committee of the Red Cross for humanitarian assistance in East Timor.

The suspension of $30 million of new aid projects to Indonesia was in direct response to the recent killings in East Timor by the Indonesian army.

With respect to the export of offensive military equipment to Indonesia, no permits have been issued over the past two years. Only a limited number of permits covering non-offensive military equipment have been issued over this period.

In 1991, five export permits for non-offensive military equipment to Indonesia have been issued. The permits cover proposed exports totalling approximately $3.7 million and include parachutes, aircraft engines and airborne radar/electronic equipment.

There is no reasonable risk that any of the goods proposed for export might be used against the civilian population nor is there any evidence to suggest that any of the equipment sold to date has been used against the civilian population.

The department will continue to scrutinize all proposed exports of military equipment to that Country.

Canadian policy closely controls the export of military equipment to countries whose governments have a persistent record of serious violations of the human rights of their citizens. Indonesia is considered to be such a country.

Approval to export military equipment to such countries is generally denied unless it can be demonstrated that there is no reasonable risk that the proposed export might be used against the civilian population.

ANSWERS TO ORDER PAPER QUESTIONS

VETERANS AFFAIRS—EFFECT OF GOODS AND SERVICES TAX

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question Number 20 on the Order Paper—by Senator Marshall.

NEWFOUNDLAND—PROPOSED FEDERAL GOVERNMENT BUILDING IN CORNERBROOK

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question Number 49 on the Order Paper—by Senator Marshall.

CHRISTMAS FELICITATIONS

Hon. Lowell Murray (Leader of the Government): Honourable senators, if I do not have another opportunity before Royal Assent, permit me to add a word to what the Deputy Leader of the Government and the Leader of the Opposition said earlier in extending their best wishes to our employees. To that I would simply like to extend our best wishes to you, Your Honour, and to all honourable senators.

[*Translation*]

I would like to wish all our colleagues a very Merry Christmas and a happy and prosperous New Year.

[*English*]

Merry Christmas and a Happy New Year to all our colleagues. We look forward to seeing you back here in good health and good cheer on February 11.

[*Translation*]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO STUDY FINANCIAL INSTITUTIONS

Hon. Jean-Marie Poitras, pursuant to notice given on Monday, December 16, 1991, moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to conduct a special study on the draft regulations ensuing from the new legislation on Canadian financial institutions; and

That the Committee present its report no later than June 30, 1992.

Honourable senators, yesterday I mentioned that today I would present motions for authorizing the Committee on Banking, Trade and Commerce to conduct two studies, the first of which would be to identify the objectives of the legislation contained in the four financial bills adopted recently. I wish to ask leave of the Senate to conduct a public study on the draft regulations ensuing from these bills. The regulations are very important. We have asked the minister not to publish them before we have had a chance to make recommendations, to ensure that the regulations are satisfactory to the public in general and are made in the appropriate order. The minister agreed he would not release them before we finish our study around mid-March. I therefore ask this House for leave to conduct this study.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, we are now on order No. 19. I consulted my colleague, the deputy chairman of the committee, who confirmed that he supported the motion. And, of course, we fully support the position taken by our colleague, Senator Kirby.

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

Hon. Senators: Agreed.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO UNDERTAKE SPECIAL STUDY OF CERTAIN INSURANCE DEPOSIT CORPORATIONS

Hon. Jean-Marie Poitras, pursuant to notice of Monday, December 16, 1991, moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to conduct a special study on the structure, the powers and the operations of:

(a)the Canada Deposit Insurance Corporation;

(b)the Canadian Life and Health Insurance Compensation Corporation; and

(c)the Property and Casualty Insurance Compensation Corporation,

to bring forward recommendations allowing the government to improve the foundations on which the Canadian financial system is built; and

That the Committee present its report no later than June 30, 1992;

With the agreement of the subcommittee on program and procedure.

Do you want some explanation or is that sufficient?

Hon. Royce Frith (Leader of the Opposition): In this case, we consulted our colleague, Senator Kirby, who also supports this initiative of the committee. I do not think an explanation is required. The only matter that concerns me is the budget.

If I am not mistaken, the committee approved a budget for both initiatives last night.

Senator Poitras: Honourable senators, the budget for both research projects was approved. The documents were given to Senator Kirby this morning. His secretary passed them on to him. His lack of comment was taken as consent.

Senator Frith: Honourable senators, he told me today that it was all right, that it is basically the same budget that had been discussed by the committee chairman, Senator Poitras and Senator Kirby. The figures are in line with what the two agreed upon. I would like to say for the record that the budget for both initiatives was approved. That is correct.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

• (1550)

[*English*]

ROYAL ASSENT

The Honourable William Stevenson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Income Tax Act, the Canada Pension Plan, the Cultural Property Export and Import Act, the Income Tax Conventions Interpretation Act, the Tax Court of Canada Act, the Unemployment Insurance Act, the Canada-Newfoundland Atlantic Accord Implementation Act, the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act and certain related Acts (Bill C-18, Chapter 49, 1991)

An Act respecting the acq uisition, administration and disposition of real property by the Government of Canada (*Bill C-3, Chapter 50, 1991*)

An Act to amend certain statutes to implement the budget tabled in Parliament on February 26, 1991 (*Bill C-20, Chapter 51, 1991*)

An Act to provide for the continuance of Telesat Canada under the Canada Business Corporations Act and for the disposal of the shares therein of Her Majesty in right of Canada (*Bill C-38, Chapter 52, 1991*)

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1992 (*Bill C-47, Chapter 53, 1991*)

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

POINT OF ORDER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on a point of order, I wish to put some remarks on the record to complete our ongoing discussion about Royal Assent. The discussion was started yesterday by Senator Stewart, and some useful citations were put on the record by the Leader of the Government in the Senate, Senator Murray.

To add some facts to that ongoing discussion, today for Royal Assent the House of Commons was represented by, indeed, just one Member of Parliament—

Hon. Richard J. Doyle: There were two.

Senator Frith: Who was the second?

Hon. Michel Cogger: The minister.

Senator Frith: That is good. Let's get that straight. The House of Commons was represented by a minister, and at the bar there was only one member of the House of Commons. That was, I believe, the Deputy Speaker, who was regaled as such and so appeared as such. That is all.

I think we might be carrying on with this matter, and those might be useful facts for us to have on the record.

Merry Christmas and a happy new year.

Hon. Senators: Hear, hear.

The Senate adjourned until Tuesday, February 11, 1992, at 2 p.m.

THE SENATE

Tuesday, February 11, 1992

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

Prayers.

SENATORS' STATEMENTS

THE LATE HONOURABLE GERALD WILLIAM BALDWIN

TRIBUTES

Hon. Heath Macquarrie: Honourable senators, since we last met we have lost one of our country's outstanding parliamentarians and champions of civil rights.

Gerald William Baldwin was born in New Zealand in 1907, came to Alberta at an early age, articled with his father's law firm in Edmonton and was admitted to the bar at age 21. He shortly thereafter moved to the Peace River district and became a noted defence lawyer.

He was a gallant and decorated soldier in World War II. In 1958, he was elected to the House of Commons for Peace River and remained in that chamber until his retirement in 1980. He served as Parliamentary Secretary to another outstanding defence counsel, Prime Minister John Diefenbaker. He later served as Opposition House Leader under our party's great chieftain, Robert Stanfield.

He also produced a most excellent book on the legal profession and strikononstrikoff western Canada entitled, *Frontier Justice*, published by the University of Alberta Press.

I considered Ged Baldwin an extremely well-informed procedural expert. Unlike many in that valuable, indeed essential, category, Ged was neither tedious nor tiresome in the process.

But the chief legacy of this distinguished parliamentarian is the *Access to Information Act*, which he championed year after year. When it was eventually passed, the press interviewed him, describing him as the father of the bill. Ged, with his usual wit and humour, observed that since it had taken so long perhaps he might more appropriately be dubbed its grandfather.

He later modestly expressed his crusade for more open government by saying, "I simply want a bit of Canadian glasnost— an openness from bureaucracy for the people." Most appropriately, this able and dedicated civil libertarian was made an Officer of the Order of Canada in 1985.

The brow of Ged Baldwin was crowned with many laurels, all richly deserved reciprocations for his great worth and works.

Honourable senators, as I reflect upon the more than three decades I was privileged to have his friendship, I cherish most the fact that in circumstances great or grave, victorious or discouraging, Ged Baldwin was always a gentleman.

Thackery's classical definition seems highly appropriate to Ged Baldwin:

> Perhaps a gentleman is a rarer man than some of us think. For which one of us can point out many such in his circle; men whose aims are generous, whose truth is not only constant in its kind, but elevated in its degree; whose want of meanness makes them simple, who can look the world honestly in the face with an equal manly sympathy for the great and the small.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I did not know Mr. Baldwin personally; I did know him by reputation, and I thank Senator Macquarrie for justifying that reputation by his remarks.

THE LATE MARJORIE NICHOLS

TRIBUTES

Hon. Lowell Murray (Leader of the Government): Honourable senators, in the midst of the daily tension and frequent clashes between politicians and journalists, we often forget that the journalist's role is at least as important as the politician's to the functioning of a parliamentary democracy.

Journalists probably fail in their duty at least as often as do politicians; but in both professions the better practitioners keep on trying to improve. The best of them are those exceptional people whose integrity and skill set a higher standard for their peers, elevate the profession and enhance our democratic and parliamentary system.

From the world of federal politics, Senator Macquarrie has properly singled out the late Gerald W. Baldwin. If at any time in recent years one were to choose from the Parliamentary press gallery a truly exemplary figure, that person, in any event, would have been Marjorie Nichols. Now that she is gone, we can only honour her courage and integrity, admire her superb professionalism, and mourn her loss to journalism, to her devoted readers and to Canada. Even those who disagreed with her or were the subject of her critical analyses acknowledged her integrity, her sincerity, and her devotion to truth. Marjorie Nichols is greatly missed.

Hon. Joyce Fairbairn: Honourable senators, I would like to join with the Leader of the Government in his remarks about a woman who was a journalistic colleague of mine and a good friend in a friendship that lasted for 25 years, which is unusual on Parliament Hill. It is unusual to be able to sustain friend-

ships between journalists and politicians because there is always that fine line which neither side crosses.

However, when Marjorie Nichols and I parted company as journalists on my departure from the Parliamentary press gallery in 1970, she agreed that I would never be a source for her and I agreed that, because of that, I would not be a critic of her. So we managed to sustain that friendship for a very long time.

Marj was born on a farm near Red Deer in central Alberta where, from the very beginning, she aquired her strength and indeed her humour. She attended the University of Montana where she took her journalism degree. She came to Ottawa as a reporter for the *Ottawa Journal* back in 1966 and arrived on Parliament Hill in 1967, which was a great delight for me because I had been toiling away as the only female in the press gallery for five years.

Over the next twenty years, Marj moved between Ottawa, Vancouver, Victoria, and Washington as a columnist and a commentator. Her voice and her face became well known over radio and on television, as did her name through her columns.

She came back to Ottawa in 1987 as a columnist for the *Ottawa Citizen*. She was a very talented and controversial writer. In fact, from time to time I suppose you could say she was absolutely outrageous. But she was also warm and loyal and funny.

Marj genuinely liked political people, people in public life, and she was a true "Parliamentary" reporter. She cared about Parliament and covered it in the days long before the advent of television when a great deal of the real political life of this country was centred on what happened in the Chamber of the House of Commons and, indeed, on this side as well. So she held Parliament in high regard, and mourned what she saw as its diminishing authority. She also, in her own way, mourned what she perceived to be a diminishing watchdog role in the Parliamentary press gallery itself. However, she carried on, she did it her way—she researched a lot, she talked to people a great deal, and then she formed her own opinions, and those opinions agitated politicians of every stripe from time to time, as many in this Senate would know.

Marj, indeed, was the type of person whom one would have thought was indestructible. Yet four years ago, she developed cancer. It was caused by smoking. She was given no hope whatsoever, which was not good enough for her. She insisted on trying everything she possibly could to enable herself to continue to live and to work. During that time, honourable colleagues, she displayed the most incredible manifestation of individual will and courage of any person I have known in my lifetime. In the end, there were simply no options. She left and went home to Red Deer for Christmas, to her parents, her brothers and sister, and her nieces and nephews, who were her ultimate support system.

• (1410)

I sat with her the night before she left Ottawa. She was talking about something which I suppose was closer to her heart than anything—her country. She was worried about where it was going and whether it would stay together.

[Senator Fairbairn.]

Marjorie was forever diligent. At that point she said she already had three columns written to be printed while she was home in Red Deer. She said she was coming back. I am not sure whether she believed that or not.

When, in 1987, she left the *Vancouver Sun* to come here to Ottawa, Marjorie wrote the following in her final column there:

> Columning isn't really any different from baseball. Sometimes you hit the curve balls and other times you miss. All you can hope is that your readers will judge you by your season's batting average, not just your last at-bat.

Many of us find it very hard to believe she is gone. On March 11, in Room 200, we will be holding a toast to Marj's memory and establishing a journalistic scholarship which will exist in her name. I would hope that all of those senators who knew her and remember her will feel free to come.

Hon. Senators: Hear, hear!

[*Translation*]

THE LATE ARMAND FRAPPIER

TRIBUTES

Hon. Paul David: Honourable senators, Doctor Armand Frappier passed away on December 18, 1991.

Although it has been some time since we learned of his demise, I want to share with you the great sadness I feel at the loss of this great Canadian and Quebec doctor.

Two weeks after delivering the manuscript of his memoirs to the Presses de l'Université du Québec, Doctor Frappier departed this world. He was 87.

On October 24th, he had attended the gala of the Great Montrealers' Academy that I had the pleasure to preside.

One month late, on November 22nd, he also attended the general meeting.

A dutiful man, he accepted honours with humility and carried out faithfully the responsibilities they entailed.

As a professor at the Medical Faculty, where I have had the privilege to study under him as dean of the School of Hygiene, founder of the University of Montreal institute of microbiology as well as the builder of a vast complex made up of several buildings on the grounds of the Institut Armand-Frappier, in Laval, this tireless worker has literally dedicated his life to his field of work.

A training school now affiliated to the Université du Québec, his institute was and remains a research and teaching centre of exceptional excellence.

As a manufacturer, promoter and distributor of the BCG vaccine (Calmette-Guérin bacillus), he protected thousands of children against tuberculosis, a disease which took a terrible toll in the province of Quebec, in Canada and around the world until sulfa drugs and antibiotics were discovered. Under his guidance, the institute produced one of the first effective

flue vaccines. More recently, his team had embarked upon extensive research to fight the AIDS virus.

He used to remind me of the support he had received from my father who was responsible for health units when a minister in the Taschereau cabinet, and from my mother who was the co-founder of the Montreal BCG clinic which later became the Marie-Enfant hospital under the control of my sister.

Throughout his career, he never missed a chance to write me a word of encouragement or congratulations.

Doctor Frappier had two passions in his life: his family and his institute.

This pioneer of vaccination was a model of perseverance, energy and idealism.

Although the recipient of numerous honourary degrees as well as the highest Canadian and foreign honours, he remained a simple and humble man who played the violin and the organ to relax. A deeply religious man, he radiated an exceptional serenity.

As a leader, he knew how to stimulate and inspire his team members.

I wanted to convey to you the great admiration I have for this man and his work.

Honourable senators, with your permission I would like to offer, on your behalf, our deepest sympathy to his children and his family.

Thank you very much.

[*English*]

Hon. Pat Carney: Honourable colleagues, I wish to thank Senator Fairbairn for her very effective presentation on behalf of Marjorie Nichols. I wish to add for the record that Senator Fairbairn, myself and Marjorie Nichols all served in the press gallery in Ottawa at the same time. That is where we first met each other, and we have maintained a friendship ever since.

There is one aspect that was touched on by Senator Fairbairn, but I wish to emphasize it for the record, and that was Marjorie Nichols' ability to change her mind, which a lot of journalists today cannot do. One example was with respect to Meech Lake. When she was first presented with the Meech Lake Accord, she was opposed to the concept; when she gradually became aware of its importance and the way in which it worked, she had no hesitation in throwing her support behind that concept, at a time when it was losing a lot of public support.

I also thought it would be nice to show on the record that just before she returned to Red Deer, Marjorie Nichols and I had lunch together here, and then went down to the third floor media room and checked out our old desks and positions. She knew she was not coming back, because in 25 years neither she nor I had ever set foot in the third floor media room together; but on that day, on that occasion, we made a nostalgic trip back. It was a nice memory for me to have, and I wanted to share it with Senator Fairbairn.

Hon. Senators: Hear, hear!

HEALTH AND WELFARE

70TH ANNIVERSARY OF DISCOVERY OF INSULIN

Hon. Stanley Haidasz: Honourable senators, I am pleased at this time to bring to the attention of all honourable senators the fact that today is the 70th anniversary of the announcement of the treatment of diabetes mellitus with insulin by Frederick Banting and Charles Best of the Physiology Department in the Faculty of Medicine at the University of Toronto.

On February 11, 1922, Frederick Banting and Charles Best, after painstaking and challenging research to seek the treatment for the disease known as diabetes mellitus, initiated the use of insulin for the treatment of diabetes mellitus. I am happy that I had the privilege of attending lectures in physiology given by Charles Best at the University of Toronto Faculty of Medicine. It may also interest honourable senators to know that Charles Best's son, Charles Alexander Best, sat as a member of Parliament for Halton in the other place from 1957 to 1962.

Today in Canada, diabetes mellitus is the third leading cause of morbidity and mortality, resulting in several thousands of deaths every year. This disease causes serious cardiovascular, kidney and eye complications. I am happy to note that, for the year of 1990-91, the Medical Research Council in Canada has funded 88 requests for grants into research relating to diabetes mellitus and related metabolism. These grants amount to about $6.6 million, respresenting 4.1 per cent of their grants budget.

● (1420)

However, we should all urge the Minister of Health and Welfare, and anyone who makes decisions with respect to research grants in medicine, not only to increase grants to prevent the kidney, eye, cardiovascular and other complications of diabetes mellitus, but also to seek greater improvements in the treatment of that terrible disease.

I propose that we who are interested in medical research and in the work of the Senate's Social Affairs, Science and Technology Committee should at some time undertake a study of medical research grants, especially the concern about the serious disease of diabetes mellitus.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux: Honorable senators, I have the honour to present the sixth report of the Standing Committee on International Economy, Budgets and Administration concerning the Senate estimates for the fiscal period 1992-1993. I ask that the summary of the 1992-1993 estimates be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 875.*)

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

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

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1991

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with bill C-35, an Act to correct certain anomalies, inconsistencies and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature therein and to repeal certain provisions thereof that have expired or lapsed or otherwise ceased to have effect.

Bill read first time.

The Hon. the Speaker: When shall this bill be read the second time?

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day of Thursday February 13, 1992 for second reading.

[*English*]

CANADA ASSISTANCE PLAN

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-32, to amend the Canada Assistance Plan.

Bill read first time.

The Hon. the Speaker: When shall this bill be read the second time?

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading Tuesday next, February 18, 1992.

TRANSPORT AND COMMUNICATIONS

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

Hon. B. Alisdair Graham: Honourable senators, I give notice that tomorrow, Wednesday, February 12, I will move:

> That the Standing Senate Committee on Transport and Communications have power to sit at four o'clock in the afternoon on Thursday, February 13, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

[The Hon. the Speaker.]

VETERANS AFFAIRS

NOTICE OF MOTION FOR PRODUCTION OF DOCUMENTS

Hon. Jack Marshall: Honourable senators, I give notice that on Wednesday next, February 12, I will move:

> That there be laid before this House all papers, documents, letters, faxes, electronic messages, courier messages, minutes of meetings, telephone calls and recorded messages between the Office of the Minister of Veterans Affairs and the Veterans so-called Consultation Group comprising the Army, Navy, and Air Force Veterans of Canada, the Royal Canadian Legion and the National Council of Veterans Associations; and, as well, any person representing those groups on an individual basis; and the Merchant Navy Association "Coalition", or any individual member thereof; and the Senate Subcommittee on Veterans Affairs and/or any of its individual members, or any member of the Senate of Canada; and the House of Commons Standing Committee on Defence and Veterans Affairs, and/or any of its members, or any member of the House of Commons.
>
> Further, that all documents requested consist of and represent the dates between the date of the first meeting of the Senate Subcommittee on Veterans Affairs with the Merchant Seamen on 14 February 1990 and the present date of 11 February 1992.

CONFLICTS OF INTERESTS

SPECIAL JOINT COMMITTEE EMPOWERED TO AUTHORIZE TELEVISION AND RADIO BRAODCASTING OF HEARINGS

Hon. Richard J. Stanbury: Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*f*), I move:

> That the Special Joint Committee on Conflicts of Interests be empowered to authorize television and radio broadcasting, as it deems appropriate, of any or all of its proceedings, pursuant to the principles and practices governing the broadcasting of the proceedings of the House of Commons; and
>
> That a message be sent to the House of Commons to acquaint that house accordingly.

If I may, I shall explain my request for leave. The situation is that this is the first sitting of the Senate since the Christmas break. The joint committee has already begun its public hearings in connection with its subject matter. We had one public hearing this morning with the Honourable Mitchell Sharp appearing as a witness. It would have been extremely educational for the public to have been able to see and hear Mr. Sharp's evidence. On Thursday we have the Assistant Deputy Registrar General appearing, and again the evidence will undoubtedly be very educational for the public.

The feeling is that the committee should not appear to be hiding in a corner. It should be an open process with the opportunity for the public to understand the problems involved in this subject matter. It will be necessary for us to let the

media people know immediately if our coverage is to begin by Thursday morning.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I am always reluctant to grant leave, as honourable senators know, not because I wants to obstruct in any way but because I think it is proper for the Senate to be advised in advance of these matters in order for individual senators to have an opportunity to read the material and make up their minds, rather than be faced suddenly with decisions. However, Senator Stanbury spoke to me prior about this matter. I understand it has the approval of senators on both sides who sit on the committee, and that there is a unanimous decision to proceed with this action. On that basis, and because of the urgency indicated by Senator Stanbury, I am reluctantly prepared to grant leave.

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

Hon. Senators: Agreed.

Motion agreed to.

• (1430)

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*) I move:

> THAT the Standing Senate Committee on Foreign Affairs have power to sit at four thirty o'clock in the afternoon today, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

I should like to explain this request for leave. Your committee is beginning a round of hearings on the current General Agreement on Tariffs and Trade negotiations and on the proposed North American Free Trade Agreement. We should like to get under way this afternoon at 4.30 p.m., and it is on that basis that I am making the request.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): A moment ago honourable senators heard my views on leave, so I need not repeat that particular speech. However, I then want to make another speech on the subject of Senate committees meeting during sittings of the Senate. This is a problem for us—not a problem for me, but a problem for the Senate, and it is something that we and committee chairmen ought to have a look at it.

We have a motion by Senator Graham asking for one committee to sit on Thursday. We now have a request from Senator Stewart for another committee. I understand my colleague, Senator Poitras, is tempted to ask for the same thing.

It presents a problem for the Senate. I will not be obstinate and will grant leave to Senator Stewart, I will accede to Senator Graham, and if Senator Poitras wishes to make the motion obviously for the sake of consistency, if none other, I will grant leave.

However, it presents a problem for the Senate and it is something we and committee chairmen have to seriously consider. I appreciate the problem hearing witnesses and it is only fair that we give them a set time. However, we have to find some way that the Senate can do its work without having senators constantly off in committees.

Having set down my concerns, I am prepared to grant leave.

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

Hon. Senators: Agreed.

Motion agreed to.

VETERANS AFFAIRS

INCONSISTENCIES IN VETERANS HEALTH CARE REGULATIONS—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, the 13th February, 1992, I will call the attention of the Senate to inconsistencies in the Veterans Health Care Regulations which contradict the express purpose of extending the benefits of the Veterans Independence Program to all veterans who are qualified under the provisions for entitlement, namely, Ex-Prisoners of War and the following who fall within the criteria of Part XI of the Civilian War Pensions and Allowances Act:

Canadian merchant seamen, who served in the First World War, the Second World War or the Korean War; non-Canadians who served in the Canadian merchant ships during the First World War, the Second World War or the Korean War; Members of the Voluntary Aid Detachment of the British Red Cross during the First World War; Canada Fire Fighters of the Second World War; Canadian overseas welfare workers, nursing aids, ambulance or transport drivers, members of the Overseas Headquarters staff, and orthopaedic nurses who served under the auspices of the Canadian Red Cross Society of the St. John Ambulance Brigade of Canada during the Second World War; Canadian Trans-Atlantic air crew of the Second World War; and Members of the Newfoundland Overseas Forestry Unit of the Second World War.

FOREIGN AFFAIRS

DANGER OF SERIOUS DISTURBANCES IN RELATION TO MACEDONIA—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Thursday next, February 13, 1992, I shall draw the attention of the Senate to the danger of serious disturb-

ances, possibly even armed disturbances, taking place over the question of Macedonia.

[*Translation*]

ROYAL SOCIETY OF CANADA

BILL TO AMEND ACT OF INCORPORATION—PRESENTATION OF PETITION

Hon. Arthur Tremblay: Honourable senators, I have the honour to present a petition from the Royal Society of Canada, in the City of Ottawa, in the Province of Ontario, requesting an Act to amend the Act of incorporation of the Royal Society of Canada.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present a number of petitions signed by 4,283 citizens from the Province of Ontario who oppose the Goods and Services Tax and, in particular, its application to books and magazines. These petitions are mainly from Listowel, Willowdale, Toronto, Kitchener, Cambridge, Waterloo, Barrie, Long Sault, Cornwall, Mississauga, Hamilton and Stoney Creek.

[*English*]

I repeat that there are 4,283 signatures of citizens of Ontario opposing the GST on books and newspapers.

ASSOCIATION OF IROQUOIS AND ALLIED INDIANS

PRESENTATION OF PETITIONS

Hon. Len Marchand: Honourable senators, I would like to present some petitions that were given to me by the Association of Iroquois and Allied Indians, whose head office is in London, Ontario.

They call upon the Senate to fulfil its responsibilities to the citizens of the First Nations of Canada by taking immediate steps to rectify the deficiencies of the policy guidelines, including changes which will protect the taxation immunity of First Nation citizens both on and off reserve lands, including those citizens who do not, as yet, have recognized reserved lands.

The petition is in the correct form and there are approximately 200 signatures from citizens who live in various parts of Canada, such as Manitoba, Ontario and Prince Edward Island.

VETERANS AFFAIRS

PRESENTATION OF PETITION

Hon. Jack Marshall: Honourable senators, I have the honour to present a petition in support of the report of the Senate's subcommittee on Veterans Affairs, "It's Almost Too Late".

I might mention that, despite the fact that the deadline for the submission of petitions was last March, almost one year ago, they are still being submitted to me. This petition is from the Royal Canadian Legion in Buchans, Newfoundland, and consists of 114 names in support of the report on veterans affairs. This is, of course, in addition to 17,000 signatures already received.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some petitions regarding the infamous GST received during the break. This is the batch that I have organized for today. I believe that I will have some more at subsequent sittings.

The total number of names on these petitions is 859, all of them complaining about the dictatorship of the goods and services tax and demanding that it be repealed and that there be an immediate election. That is the theme of all the petitions.

Out of the 859 there are six petitions from New Brunswick with 125 names; from Ontario there are 12 petitions with 275 names; from Quebec there are 22 petitions with 459 names.

The petitioners reside in Atholville, Bayersville, Grand Falls, Grand Sault, Lanteigne, Pointe-Sapin, Rexton, Riviére Verte, St. Francois d'Assise and St. Louis de Kent in New Brunswick. Kapuskasing, Mississauga, Newcastle, New Liskeard, North York and Toronto in Ontario. Bedford, Dollard des Ormeaux, Farnham, Laval, Montreal, Noyan, Pierrefonds, Pointe-Claire, Rawdon, Riviere-des-Prairies, St. Leonard, Ste. Therese and Val d'Or in Quebec.

I will keep them organized in this appropriate red coloured file, not because of the allegiance of the petitions but of mine.

QUESTION PERIOD

NORTH AMERICAN FREE TRADE

STATUS OF NEGOTIATIONS—REQUEST FOR INFORMATION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some questions for the Leader of the Government in the Senate on North American free trade and on the question of information for parliamentarians.

It is reported that the United States government, which is of course engaged in this three-cornered negotiation with our own government and the government of Mexico, has a very clear position on informing members of Congress about the present status and provisions of the drafts regarding North American free trade. Mrs. Hills, the representative of the American government, said, "Believe me, the Congress is fully apprised." Furthermore, it is stated in the same report that the United States Congress can see drafts of the proposed deal.

Apparently, Canadian parliamentarians are not to be shown this documentation. It is said that recently declassified federal documents give rise to some reasonable concern as to the effect that the North American free trade agreement would have on autos and auto parts, textiles, footwear, and agriculture.

Can the Leader of the Government tell us whether we have an equally clear policy on informing parliamentarians in a documentary way as to the progress of the free trade negotiations?

Hon. Lowell Murray (Leader of the Government): Honourable senators, as I understand the situation, there are three texts: There is a Canadian text, a U.S. text, and a Mexican text. I am advised that the Mexican authorities have indeed shared the Mexican text with the members of their Parliament. In the case of the United States, a consolidation of the three texts was or is being shown to the members of the House Ways and Means Committee under conditions of strict confidentiality.

I am aware that members of at least one parliamentary committee in Canada have expressed some interest in having access to these documents, and I believe this to be the subject of some discussions between the responsible minister, Mr. Wilson, and the chairperson of that committee.

Senator Frith: Are we to infer from that, then, that there is no policy presently in place on this subject as far as our government is concerned? I take it they are investigating or considering the possibility of sharing the documents with one committee, but that there is no policy with reference to the rest of us in Parliament?

Senator Murray: No, there is not, honourable senators. I must say that these documents are not usually made available to the general public or to parliamentarians at large because their public release could be expected to prejudice Canada's position in negotiations that are ongoing.

Senator Frith: That concern is not shared by the American government or by the Mexican government, who have a direct policy on the subject. Perhaps I was to understand that a policy is in the making and that one of the considerations will be this question of whether it would be advisable to so share documentation.

Senator Murray: Honourable senators, subject to my verifying this with my colleague Mr. Wilson, I do believe there are discussions taking place among the responsible people on this very subject. I want to repeat what I said about the United States. My understanding is that the United States administration has shared a summary or consolidation of the three texts with members of the House Ways and Means Committee under conditions of strict confidentiality. I do not know whether it is possible to do that in Canada or with whom it should be done, but this matter is being explored at the moment by Mr. Wilson.

Senator Frith: Honourable senators, just for the record, my information is that the Leader of the Government is partly right but, according to this information, not completely right. He is right about the confidentiality. My information is that the draft statement is available to members of the U.S. Congress. That is perhaps a bit ambiguous. It does not say which members, but it does not specifically limit it to members of the committee. Members of the U.S. Congress can see drafts of the proposed deal if they promise not to disclose the contents. That is apparently what Carla Hills said.

I am content for the moment if I am correct in my understanding that the Leader of the Government in the Senate will give us some further information as to the development of policy on this question. He will be consulting with Mr. Wilson to be sure that he is correct in what he has told us so far, and he will then let us know whether the government is in the process ofdeveloping a policy on the subject.

Senator Murray: Honourable senators, yes, I shall do so. There are precedents for this. One such precedent has been to share certain information with parliamentarians who are also Privy Councillors. Another is to have *in camera* meetings of certain committees. That also has been done in the past. We are exploring the situation to see how the legitimate interests of parliamentarians can be accommodated.

Senator Frith: Well, honourable senators, that is good enough for now. I think the Leader of the Government in the Senate will, of course, expect me to be asking for progress reports on this subject.

GENERAL AGREEMENT ON TARIFFS AND TRADE

PRESERVATION OF MARKETING BOARDS—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): My second area of concern is GATT, and in particular, marketing boards and Article XI. Honourable senators may share my impression that the government has virtually given up—I will not get into the question at the moment of whether for good or bad reason—any real hope of preserving marketing boards under the Uruguay round of the GATT. The government and the ministry seem to be concerned,but do not hold out any real hope that we will be able to preserve these marketing boards and preserve the particular section of the GATT that is there to so protect them.

Can the Leader of the Government tell me whether the government,in fact, does have much hope that we can preserve the protective clause and thereby protect these marketing boards?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the so-called protective clause has not proven to be very effective in light of various panel decisions that have been made. That being the case, we have fought from the very beginning and we continue to fight for the strengthening and clarification of Article XI. That is our policy.

● (1440)

When the draft text by Mr. Arthur Dunkel was released in December, we made it clear that while we and a hundred other countries would continue negotiations on the basis of the text, we had serious problems with some of the proposals—

Senator Frith: Dunkel having proposed that you take it out.

Senator Murray: Dunkel having made a proposal that did not include the strengthening and clarification of Article XI. We indicated we had serious problems with this. Our representatives at the GATT continue to operate under a mandate that could not be more clear. That is to say, they must continue to press for the strengthening and clarification of Article XI.

LACK OF SUPPORT FOR RETENTION OF MARKETING BOARDS

Hon. H.A. Olson: Honourable senators, I have a supplementary question to ask if I may.

The Minister of Agriculture was reported to have told a meeting in Calgary at the end of last week that we only have friends in five out of 109 countries. In other words, only Norway, Denmark, Israel, and one or two other countries support Canada's contention that Article XI and its provisions as they concern the protection of supply management and marketing agencies in Canada should be retained. He also said that unless the situation changes dramatically, and fairly soon, we should not hold our breath in the expectation that Article XI and its provisions will do what Canadian producers expect it to do with respect to marketing boards.

As the Leader of the Opposition has already pointed out, does that mean that the Minister of Agriculture, as one of the chief negotiators, has more or less given up on the notion that we will be able to retain such provisions?

Hon. Lowell Murray (Leader of the Government): Absolutely not, honourable senators. As the Prime Minister said in the other place a couple of days ago, we seek to construct as broad a coalition as possible on this subject, just as we have done on a number of other subjects that are of interest to us.

The fact of the matter is that this is not a matter of great interest, except to a small number of countries. We are bending our very best efforts at Geneva and through all other diplomatic channels to achieve our objective. Our objective is to maintain the supply management system in this country, and the preferred means of doing so is the strengthening and clarification of Article XI of the GATT. That is the mandate under which our negotiators are operating.

Further to that, as the Prime Minister has reported in the other place, he has discussed the matter personally with President Mitterand, President Bush, Jacques Delors of the European Community and various other of our cabinet colleagues, including Messrs. Wilson, McKnight and Blais, who have been in touch with their counterparts in member countries of the GATT to reinforce our position. We shall continue along those lines.

[Senator Murray.]

CANADA-UNITED STATES FREE TRADE AGREEMENT

GOVERNMENT SECTOR PURCHASES—REQUEST FOR CLARIFICATION OF CONTENT RULES

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question also concerns the Canada-U.S. Free Trade Agreement and its application. We hear constantly of firms closing and moving to the United States and of the losses that are incurred by Canada under that agreement.

Canadians, I think legitimately, expected that there would be benefits in our being able to sell on the American market. Recently in the Province of Manitoba, a bus manufacturing company submitted the lowest tender on a bid for the supply of buses to Las Vegas. However, it now appears that the city fathers of Las Vegas are refusing to accept the Canadian bid, even though it is the lowest — and, admittedly, that is their right — on the basis that that bid does not involve sufficient U.S. content.

What exactly are the rules? Can Canadian manufacturers bid on American federal government requests, as well as those from states and cities, or are we to be limited by decisions made on the grounds of insufficient content?

Hon. Lowell Murray (Leader of the Government): The honourable senator is asking me to interpret the provisions of the Free Trade Agreement with regard to purchases in the government sector. That being the case, I would want to get the exact text and place it on the table here.

FIRST MINISTERS CONFERENCE

REQUEST FOR ADJUSTMENT OF MONETARY POLICY RESPECTING INTEREST RATES—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, can the Leader of the Government in the Senate tell us if there will be a further communiqué coming from either the Prime Minister or the Minister of Finance respecting the discussions that took place at the First Ministers Conference held here in Ottawa yesterday?

I can tell him, and I am sure he already knows, strikonthatstrikoff there was a great deal of disappointment that, after all the publicity leading up to that meeting and to the discussions that took place, the only thing that the Minister of Finance and the Prime Minister had to say was that it was a good meeting and there would be another in about eight weeks' time.

There was absolutely no response whatever to the request that the government adjust its monetary policy respecting interest rates, the value of the Canadian dollar, and other matters. It is probably not too terribly important that I have been asking in this chamber for the past five or six months or longer for such a response from the government.

At this meeting almost all—and I will not say all—of the first ministers, except the federal minister, recommended—in fact, pleaded—with the federal government to make some

changes to the monetary policy because it has done great damage to the Canadian economy, which has, in turn, made it the greatest contribution to the recession that we are suffering from today.

Can the minister tell us whether or not there will be another statement coming forward?

I am told that, as of today, there are 1,429,000 people out of work, and that approximately 60,000 more can expect to lose their jobs in the next five or six weeks. Some hope was held out that when all the first ministers got together there would at least be some indication that they would try to do something about the unemployment situation, but we have not heard of any positive, affirmative action at all that came out of the meeting. Can we expect something in that regard in the next day or so?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the meeting yesterday is regarded by the participants, including the chairman, the Prime Minister of Canada, as part of a process. I would have thought that Senator Olson would share my pleasure with the expressions of satisfaction made by virtually all of the participants, that is, the premiers who were present. They are quite satisfied with the process to date.

Further to that, and the honourable senator may not share my satisfaction entirely on this point, but even he will have observed that virtually all of the first ministers reinforced the priority of the federal government in deficit and debt reduction and the importance of maintaining low inflation and low interest rates as a necessary foundation for continued renewed economic growth in this country. I would have thought that the honourable senator would have been, if not satisfied, at least impressed, by those declarations from a number of premiers, including Liberal premiers.

Senator Frith: At least rhetorically, you would have so thought.

• (1450)

Senator Olson: Honourable senators, I am not sure whether the honourable minister misunderstood the question, or whether he tried to do what seems to be a habit of this government: That is, to draw a red herring across the trace to distract attention from the real issue. I did not ask about fiscal policy. I know there was an agreement on that. I asked about monetary policy. That has to do with matters on which the honourable minister used to be an expert because he used to ask questions in that area at least every Thursday, and quite often several other times during the week. So this is not a strange area to him.

I was not in the meeting, but I was able to read the reports that came out from the premiers, for example, of Newfoundland and Nova Scotia and Manitoba and Alberta. A lot of these are Conservative strikonystrikoff premiers. They asked for an amendment or a change in the attitude of this government with respect to monetary policy. One of the main things they focused on was the actions taken by the Bank of Canada from time to time in attempting to resist the reduction in value of the Canadian dollar. Every time that happens, the Bank of Canada apparently moves in and takes action to resist such a reduction. The premiers believed that was one of the critical points. Interest rates is another matter and, of course, inflation and so on. I understand that.

I did not ask whether the government should be a little more careful on its fiscal policy. There was agreement on that. I did ask whether the government could change its monetary policies in view of the economic devastation taking place across this country because of the disparity between the monetary policy in Canada and that of the United States, in particular, but other countries as well. In any event, perhaps we could have what this government has tried to put forward from time to time, namely a level playing field in order that we can be competitive. Certainly, if the monetary policy here is such that our producers are paying 40 or 50 percent more in interest than their competitors, that is not a level playing field.

I thought that, since the minister had such a great interest in these matters and listened to all of these things, he might be able to tell us who within the federal government is solely in charge of that area. It is not the provincial governments. That is why they have come pleading with the federal government to make amendments when they see things are not going well. Perhaps he could advise us when the federal government will listen. If they do not want to listen to me, then perhaps they might listed to other people who are concerned about ordinary people. Surely they should listen to some of their own colleagues in the Conservative Party who happen to be heads of government of some of the provinces.

Senator Murray: Honourable senators, first of all it should be pointed out that the Canadian dollar today is trading at its lowest level in some two years. Second, it has to be pointed out that the Bank of Canada does not try to resist any decline in the value of the Canadian dollar—

Senator Olson: Every time it goes down, they raise the interest rates.

Senator Murray: —it being set by market forces. What the Bank of Canada does, as the honourable senator well knows, is to intervene to ensure that the fluctuations in the value of that dollar are not too extreme and that those fluctuations take place in an orderly and balanced way.

Finally, I think it is not accurate to infer that the provincial premiers are advocating the devaluation of the Canadian dollar. That is the policy of Mr. Chrétien. He has made it clear that, if he were in power, he would issue those instructions to the governor of the bank.

Senator Olson: How about Don Getty?

Senator Murray: The honourable senator will know from experience in the last quarter century that countries who have tried to buy prosperity on the cheap in that way, by artificial devaluations of their currency, have ended up in far worse trouble than they started with. That would certainly be the case in this country. We are staying the course with our fiscal policy and we expect the governor of the bank to stay the course with his policy.

Senator Olson: If that is the position of the government, then that has to be reported to the people who have a great deal of concern about this matter. We have tried this monetary policy now for several months; I think it is fair to say for several years. It has led us into the situation we are in today. If it is the position of the government that you intend to stay the course and that you will not do anything about it, then that is clear. Yet some of your own colleagues tell you that it has been the main contributor to the recession that we are in. I think some of the people who are without jobs and without income would be interested in that position, also.

There is one other question I would like to ask, though, and that is about item 18 on our Order Paper today which stands in the name of the Honourable Senator Murray where he talks about giving some explanation of the economic chaos created by the government in pursuit of lower inflation and higher interest rates. I wonder if he would take the opportunity later today to explain all of these things. He would have a little more time then, since he has given me a lecture from time to time that Question Period is not the appropriate place to have a debate. However, he has a great opportunity this afternoon to give the government's position and indeed to explain why they are taking that position in spite of the advice given by, not only heads of other governments, but by many eminent economists, that this policy is leading us into worse and worse economic difficulty in Canada.

Senator Murray: It would certainly be preferable to debate these matters during the time given over for debate, rather than during the oral Question Period. On that I agree with the honourable senator. While I cannot take part in the debate later today, I will try to do so as soon as possible.

I cannot, however, forebear to say that the honourable senator is quite wrong when he quotes the provincial premiers as saying that the high level of the dollar is the main contributing factor for the recession we are now in. Nothing could be further from the truth. The main contributing factor to the recession we are now in is the economic decline in the United States and our other trading partners.

I do want to point out also that, as I said earlier, the necessary foundation for renewed economic growth is low inflation and low interest rates. In that connection, I am sure the honourable senator will share my satisfaction with the fact that the chartered bank rate today is at its lowest level since May 1973.

Senator Olson: That may be.

Senator Murray: It is not "may be". It is.

Senator Olson: It may be, and it also is that the real interest rate as a percentage of the total amount is probably higher today than it has been in a long, long time.

Hon. William M. Kelly: May I raise a point of order at this point, please?

Senator Olson: Another point of order.

Hon. Royce Frith (Leader of the Opposition): Are you sure this is a time when we are allowed to raise points of order under the new rules? Are you sure that is allowed?

[Senator Murray.]

Senator Kelly: Let me raise my point of order, and then I can be challenged. Let me raise it first.

Senator Frith: Wait a minute, we must be sure about that. There are times when you cannot raise points of order under your new rules.

The Hon. the Speaker: Points of order should be raised after Question Period, Senator Kelly, according to the rules.

Senator Frith: It is under your rules. Don't look at us. They are your rules. I could probably raise a point of order as to whether a point of order can be raised.

Senator Kelly: I am corrected by the Speaker. I wonder if I could be shown the reference, however. I cannot find that restriction.

The Hon. the Speaker: We will continue with the Question Period and I will get that for you, Senator Kelly.

Senator Olson: The observations about interest rates are the result of taking things out of context. The real interest rate — that is the difference between inflation and interest rates — has not declined significantly. Certainly, as a percentage of the amount of interest, it has not gone down at all.

The honourable minister knows that.

• (1500)

He also knows that the people of this country have no confidence, if there were to be any increase in economic activity through their making purchases, that the government can be trusted to keep interest rates in line. They are afraid they might be caught with debts which they could not pay with interest rates going up. Every time there has been a change for the better in the value of the Canadian dollar, the Bank of Canada has swooped in and raised the interest rates again. The Canadian public are telling us that they have no confidence whatsoever in the system.

Can the minister obtain from the Minister of Finance an undertaking that will create some confidence in the minds of the people of Canada so that, if they do borrow money at the existing rates, they will not suddenly be faced, as they were two and a half or three years ago, with a steady increase in interest rates that will result in their paying 50 or 60 per cent more debt service charges than when they initially borrowed the money?

Senator Murray: Honourable senators, if the honourable senator will accept that we are indeed on the right course, he should have no fear of that kind of development taking place.

Senator Olson: I have a final question, because I do not think I am getting very far. Since the honourable minister is not prepared to proceed with a debate on this matter later today, if I and some of my colleagues do so, will he participate in the debate tomorrow, if he has time, or at least no later than Thursday? We would like to find out just what are the government's intentions, rather than simple accepting the Minister's word that "We had a good meeting and we will have another one in six or eight weeks' time." That is really not very

informative to people who are suffering desperately from the recession that this government has created.

Senator Murray: I very seldom fail to join the honourable senator in debate on these matters. I have taken up the subject when he has introduced it under Inquiries on several occasions. I shall be glad to do so again. I cannot commit myself at the moment to a particular date, but I will intervene as soon as possible.

The Speaker: Honourable senators, according to our rule 23 (7), Question Period is over for today.

Senator Frith: Do we have leave to continue or are we to be guillotined? Guillotined, is it? No leave?

The Speaker: Is leave granted for one question?

Senator Frith: Slam, down comes the guillotine.

NOVA SCOTIA

REPORTING OF THE LATE ELVIS PRESLEY RESIDING IN THAT PROVINCE—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: I have only one short question for the leader, dealing with Nova Scotia on a relevant topic. I ask this of the Leader of the Government, not only in that capacity but also as a senator representing Nova Scotia. It was reported in an interview on CBC Radio on *Morningside* last week that Elvis Presley was alive and living under an assumed name in Nova Scotia. Perhaps the Leader of the Government in the Senate might discuss this relevant topic with his colleagues and inform the Senate whether or not this rumour is correct.

Hon. Lowell Murray (Leader of the Government): The honourable senator, as an Ontario senator, should know that I, like him, am an Ontario senator. Indeed, my designation is Grenville-Carleton, which is here in eastern Ontario. I will make enquiries of some of my Nova Scotia colleagues, in particular Senator MacEachen, and determine whether they might have observed the late Mr. Presley in their travels.

The Speaker: Honourable Senator Kelly, if you refer to rule 23(1) you will find the answer.

Senator Kelly: Thank you, Mr. Speaker, I hope you will also refer to rule 26.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

FISHERIES AND OCEANS—REQUEST FOR DETAILS OF FEDERAL-PROVINCIAL FUNDS CONCERNING SCALLOPS, SHELLFISH, SALMON AND ARCTIC CHAR

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 1 on the Order Paper—by Senator Marshall.

FINANCIAL ASSISTANCE TO FISHING INDUSTRY IN PROVINCE OF NEWFOUNDLAND

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 15 on the Order Paper—by Senator Marshall.

PROVINCE OF NEWFOUNDLAND—ASSISTANCE TO FISHERMEN'S GROUPS, COMPANIES OR INDIVIDUAL FISHERMEN

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 17 on the Order Paper—by Senator Marshall.

COAST GUARD—"REPORT ON TRANSPORTATION AND OIL SPILLS"

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answers to Questions Nos. 21-33 inclusive and Question No. 35 on the Order Paper—by Senator Kenny.

AGRICULTURE CANADA

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 53 on the Order Paper—by Senator Hays.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 54 on the Order Paper—by Senator Stewart.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): I also have delayed answers to questions raised by the honourable Senator Haidasz on a delegation of Canadian parliamentarians to the Ukraine; by Senator Molgat regarding the collection of provincial sales taxes on imported goods; by Senator Roméo LeBlanc regarding the role of the Canadian Forces in national unity; by Senator Olson on the control of the nuclear arsenal in the Commonwealth of Soviet Republics; by the honourable Senator Marsden regarding sexual orientation and eligibility to serve in the Canadian Forces; by Senator Kinsella regarding the possibility of amendments to the Canadian Human Rights Act; by Senators Molgat and Roméo LeBlanc regarding the broadcast on the CBC of the incident concerning the trampling of the Canadian flag; by Senator Molgat on the Dryden inquiry and by Senator Bosa on the anniversary of the discovery of America by Christopher Columbus.

UKRAINE

DELEGATION OF CANADIAN PARLIAMENTARIANS TO ATTEND INDEPENDENCE REFERENDUM

(*Response to question raised by Hon. Stanley Haidasz on November 28, 1991*)

The Ukrainian Supreme Rada (parliament) invited three observers from Canada. The Secretary of State for External Affairs conveyed the invitation to the three parliamentary parties through their House whips.

Mr. Patrick Boyer, M.P., Mr. Ross Harvey, M.P., Mr. Rey Pagtakhan, M.P. travelled to Ukraine to observe the

referendum. Their travel costs were paid by the Department of External Affairs and International Trade.

Mr. Alex Kindy, M.P. was also in Ukraine to observe the referendum on the basis of a separate invitation to him from the Supreme Rada.

Another invitation for one professional observer was received through the Office for Free Elections of the Conference on Security and Cooperation in Europe. The Chief Electoral Officer of Alberta, Mr. Patrick Ledgerwood, was dispatched by Elections Canada. His trip was financed by the democratic institutions programme of the Department of External Affairs and International Trade Task Force on Central and Eastern Europe.

CROSS-BORDER SHOPPING

COLLECTION OF PROVINCIAL SALES TAXES ON IMPORTED GOODS

(*Response to question raised by Hon. Gildas Molgat on December 4, 1991*)

A final agreement has not yet been reached with any of the provinces with respect to the collection of the provincial sales tax at the border.

The provinces of Alberta, Newfoundland, Nova Scotia, P.E.I. and Saskatchewan have not shown any interest in the proposal. The provinces who have demonstrated an interest in the proposal are Manitoba, New Brunswick, Ontario and Québec. A reaction is still pending from the government of British Columbia.

With respect to changes concerning the gasoline tax structure, the proposal would have to be reviewed and approved by the Department of Finance. The Department of Finance is currently studying several possible solutions to this problem, however, changes to the gasoline tax system is not on the current agenda.

With respect to standards and labelling, the Minister for Consumer and Corporate Affairs has no plans to alter these practices in relation to the sale of gasoline.

[*Translation*]

NATIONAL DEFENCE

NATIONAL UNITY—ROLE OF CANADIAN ARMED FORCES

(*Reply to question raised by Hon. Roméo LeBlanc on December 9, 1991*)

On December 6, 1991, General John de Chastelain, Chief of the Defence Staff, addressed a group of honorary colonels and lieutenant colonels meeting at a biennial general assembly. His talk was followed by a question period. Here is the text of the statement by the Chief of Defence Staff.

Some have suggested that the armed forces should be used as an intervention force. Here is what I think: we live in a democratic country; we have a central government and several provincial governments. The armed forces are at the service of the democratically elected government. Personally, I perceive the armed forces as a centre of stability. In a way, our organization represents the ten provinces and two territories. We have English-speaking and French-speaking members, who get along well, in spite of the rare occasions when tensions can arise. Members of the Canadian Forces can be assigned anywhere in Canada. People from one province have a chance to live in several other provinces. Our troops are sent overseas, often to places devastated by internal conflict or aggression, which explains our presence. As much as anyone, I think, we are aware of the importance of not resorting to force when it is not necessary to do so. In my opinion, if the country moves democratically to change its constitution and its charter, we in the armed forces will act as a centre of stability and will be ready to react to anyone who tries to break the law, if the forces of order in the country need our help. In Canada, the armed forces intervene only if the municipal, provincial or federal police forces are not equal to the task; those are the only circumstances in which I would see the armed forces participating in any resolution of a crisis.

[*English*]

FOREIGN AFFAIRS

STATUS OF SOVIET UNION—COMMONWEALTH OF REPUBLICS—CONTROL OF NUCLEAR ARSENAL—GOVERNMENT POSITION

(*Response to question raised by Hon. H. A. Olson on December 10, 1991*)

Officials of the Department of External Affairs returned the week of December 9, 1991 from talks in Kiev, where secure control of nuclear weapons was one of the key issues. Their assessment was that the Ukrainians were doing everything possible to meet our concerns, and those of our NATO allies, on this issue.

Our Embassy has been raising this issue with authorities in Minsk and Moscow as well.

During Secretary Baker's trip to Moscow (week of December 16, 1991) and the former republics, Secretary Baker said that he is reassured by the guarantees given to him by President Yeltsin and former President Gorbachev.

Secure control of nuclear weapons was at the top of the Secretary of State for External Affairs' agenda at the North Atlantic Council meeting in Brussels (week of December 16, 1991).

CANADIAN HUMAN RIGHTS

SEXUAL ORIENTATION—PROSCRIBED GROUND OF DISCRIMINATION—EFFECT ON ELIGIBILITY TO SERVE IN CANADIAN FORCES

(*Response to question raised by Hon. Lorna Marsden on December 10, 1991*)

An internal review of the Canadian Forces' existing policy on Sexual Orientation has been completed by the Chief of Defence Staff in close cooperation with the Department of Justice.

Recommendations were made to the Minister of National Defence, and these are under consideration by the Government. It has been widely reported that, unfortunately, no consensus has been reached on this very difficult and emotional issue.

Indeed, several individual cases are now before the courts and until a decision is announced, the Canadian Forces *Interim Policy* remains in effect.

It should be noted that when appearing before the House of Commons Standing Committee on National Defence and Veteran's Affairs on October 8th, 1991, the Minister of National Defence indicated that pending the Government's announcement of its decision, contracts of affected individuals would be extended.

CANADIAN HUMAN RIGHTS

POSSIBILITY OF AMENDMENTS TO ACT—GOVERNMENT POLICY

(*Response to question raised by Hon. Noel A. Kinsella on December 10, 1991*)

The concept of reasonable accommodation is intended to be included in the package of reforms to the Canadian Human Rights Act to be introduced by the Minister of Justice.

QUEBEC FLAG

BROADCASTING OF BROCKVILLE INCIDENT

(*Response to question raised by Hon. Gildas L. Molgat and Hon. Roméo LeBlanc on December 11, 1991*)

The broadcasting of the Brockville Incident was definitely shown in French by Radio Canada. Unfortunately, the Department of Communications cannot provide specific times of the broadcast since CBC does not maintain records in a fashion that makes it possible to extract the specific information required to respond to this question.

These two points were stated in the original tabled order paper reply of December 11, 1991.

TRANSPORT

DRYDEN INQUIRY—EXPECTED RELEASE OF REPORT

(*Response to question raised by Hon. Gildas L. Molgat on December 13, 1991*)

The Commission of Inquiry into the Air Ontario Crash in Dryden, Ontario has been directed to submit a final report, in both official languages, to the Governor in Council no later than March 31, 1992.

CHRISTOPHER COLUMBUS

500TH ANNIVERSARY OF DISCOVERY OF AMERICA

(*Response to question raised by Hon. Peter Bosa on December 17, 1991*)

The Government of Canada has never agreed to participate in any celebrating activities surrounding the 500th anniversary of the first voyage of Columbus. No sums of public funds have ever been set aside for the establishment of any body analogous to a national Columbus anniversary commission. In 1988, the government established a short-term advisory group to give its advice on the desirability of national activities. For a variety of reasons, the advice tendered by this ad hoc advisory board was not accepted.

The government recognizes the international and historic significance of the 500th anniversary of this encounter of two worlds. The government of Canada is participating in the Seville World Fair and Canada will participate at the Barcelona Olympics. The government also, in recognizing the international and historic significance of the anniversary, has agreed to support various internationally-sponsored activities such as those being held under the aegis of UNESCO.

This year marks two milestones in our domestic evolution, Canada 125 and Montréal 350, and in both instances federal support is being directed towards forward-looking, participatory activities, as opposed to historic pageantry.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO INCREASE MEMBERSHIP—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator David, seconded by the Honourable Senator Kelly:

That the membership of the Standing Senate Committee on Social Affairs, Science and Technology be increased to fifteen members and that Rule 87(1)(m) be suspended in relation thereto for the present session.—(*Honourable Senator Molgat*).

Hon. Jack Marshall: Honourable senators, with regard to Order No. 17, having to do with increasing the membership on the Standing Senate Committee on Social Affairs, Science and Technology, I think Senator David moved the motion that the committee membership be increased to satisfy the need of the Senate Subcommittee on Veterans Affairs in order to carry out its work. It is difficult to carry on in the way we have with a decreased number of senators.

Soon it will be May, and we will be going on summer recess pretty soon thereafter. The committee has not been struck. The subcommittee has not been struck. It has not elected its officers. We have an important mandate which was given unanimous consent in this chamber. The average age of veterans today is 72. I do not know how much longer we can wait to make an impression that there are still inequities in the veterans legislation that have to be corrected before it is too

late. I wonder if we could resolve that problem so that we can get on with our job.

• (1510)

Hon. Royce Frith: Honourable senators, I am still having trouble with the enigmatic new rules. One enigma is that there are two No. 17s. Am I right about that? There is No. 17, motion:

> Resuming the debate on the motion of the Honourable Senate David, seconded by the Honourable Senator Kelly:
>
> That the membership of the Standing Senate Committee on Social Affairs, Science and Technology be increased to 15 members and that Rule 87(1)(*m*) be suspended in relation thereto for the present session—(*Honourable Senator Molgat*).

That has the word "(three)" beside it. That means it is been around for three days, I take it.

Then there is No. 17—oh, that is because that is an Inquiry.

Senator Marshall: Yes.

Senator Frith: So we have 17 "M"s, meaning 17 Motions, and 17 "I"s, meaning 17 Inquiries. Are there any other kinds of 17s that we might run into? Only two varieties of the species 17, Inquiries and Motions?

Senator Olson: So far.

Senator Frith: I see. It seemed to me that it was easier to follow in the old style, but maybe that is because I am a slow learner.

Senator Marshall: I do not want to press this matter, but Senator Molgat is very understanding, and he recognizes, being a veteran himself—

Senator Frith: This is 17 "M" that we are talking about, is it?

Senator Marshall: The first 17, 17 "M". Is there any way that we can resolve this motion to increase the numbers so that we can get on to do our work on the mandate of examining the veterans' health care regulations, which are so important? I appeal to Senator Molgat.

Senator Frith: I suppose the record could show that Senator Molgat smiled.

Senator Murray: Beamed.

Order Stands.

THE ECONOMY

FAILURE OF GOVERNMENT TO ADDRESS ECONOMIC ILLS—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the failure of this government to address the economic ills of Canada.—(*Honourable Senator Barootes*).

Hon. H.A. Olson: Honourable senators, Senator Barootes did not respond when this inquiry was called. I gather he is not here. My problem with Order No. 4 is that it has the word (fourteen) beside it. If it stands for another day, it will drop off the Order Paper. If that is the case, I suppose that is all there is to it, then.

Senator Frith: The suggestion is that we could bring it back.

Senator Olson: We could bring it back tomorrow.

Order stands.

SENATE REFORM

MOTION TO APPROVE THE PRINCIPLE OF AN ELECTED SENATE—DEBATE ADJOURNED

Hon. Gildas L. Molgat (Deputy Leader of the Opposition) rose pursuant to notice of December 16, 1991:

> That the Senate of Canada agrees with the principle that the Senate be reformed, by making it an elected body with sufficient membership and power to effectively represent the people of Canada in all regions of our land.

He said: Honourable senators, I moved this motion to get it on to the record. I do not intend to speak on it today. I will, I hope, be speaking on it tomorrow.

The reason I brought this motion forward was so that we could have a good debate in the Senate on this question. We are, after all, probably the most knowledgeable people on the functioning of the Senate. I think we could provide useful information to the committee, on which a number of our senators are sitting, which will be making recommendations on Senate reform. It is important that all senators participate in this debate.

I have no firm views on this subject. I have a number of suggestions as to how Senate reform should be accomplished, but I think we ought to discuss it in this chamber as soon as possible. I hope to proceed tomorrow. I would therefore move the adjournment of the debate.

Hon. Royce Frith (Leader of the Opposition): Because the clock will start ticking tomorrow. It will have a 1 beside it tomorrow.

Senator Molgat: The committee will be reporting on the 28th.

On motion of Sentor Molgat, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 864*)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTH REPORT OF STANDING COMMITTEE

TUESDAY, February 11, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SIXTH REPORT

Your Committee has examined and approved the Senate Estimates for the fiscal year 1992-93 and recommends their adoption.

A summary of the Expenditure Budget 1992-93 accompanies this report.

Respectfully submitted,

Thérèse Lavoie-Roux
Chairman

OPERATING EXPENSES		
DESCRIPTION	BUDGET 1991-92	BUDGET 1992-93
Personnel	29,899,928	29,196,800
Transportation and Communication	3,302,315	4,758,300
Information	1,933,200	1,909,900
Professional and Special Services	3,536,686	3,286,600
Rentals	538,500	514,400
Purchased Repair and Upkeep	1,030,000	596,800
Utilities, Materials and Supplies	850,271	850,800
Grants and Contributions	1,248,400	1,289,400
All Other Expenses	--	--
Total Operating	42,339,300	42,403,000

CAPITAL EXPENSES		
DESCRIPTION	BUDGET 1991-92	BUDGET 1992-93
Construction and Aquisition of Buildings	1,900,000	300,000
Acquisition of Office Machinery and Equipment	351,600	734,100
Total Capital	2,251,600	1,034,100
Operating and Capital Budgets	44,590,900	43,437,100
TOTAL	44,590,900	43,437,100
Percentage Decrease		(2.5%)

THE SENATE

Wednesday, February 12, 1992

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

Prayers.

SENATORS' STATEMENTS
THE SENATE

SENATORS' REFRESHMENTS—GOVERNMENT POLICY

Hon. Philippe Deane Gigantès: Honourable senators, I would like to take this occasion to speak about an obvious case of shortsightedness and improvidence in the financial field by the Tories. We used to have cheese served in the Senate Reading Room. They have stopped that now. I used to eat some of that cheese. Any of the distinguished physicians who serve in this house will tell you that a man my age who eats animal fats is likely to die sooner.

Senator Doody: Bring back the cheese!

Senator Gigantès: Exactly. Therefore, the savings for the government on the pension they would not have to pay for those years that I would lose by dieing earlier through eating cheese will not be made. That saving would certainly be superior to the cost of the cheese. This is another example of Tory shortsightedness.

VETERANS AFFAIRS

PROPOSED CANADIAN WAR MEMORIAL—GOVERNMENT POLICY

Hon. Jack Marshall: Honourable senators, I do not know whether I should discuss what I am about to refer to after Senator Gigantès' remarks, but I would like to comment on an item that appeared in one of the local papers, the *Ottawa Citizen*, on February 11, entitled "Plan for Canadian Memorial Approved".

The British and Canadian governments have approved a plan to build a Canadian war memorial in central London 47 years after the end of the Second World War. More than $2.7 million has been raised in Canada and Britain to build the memorial. Officials have already started searching for a Canadian sculptor to build the memorial, which will be located in Green Park near Buckingham Palace.

While I commend both the Canadian and British governments for this memorial to Canadian and British soldiers, I want to remind people through the Senate, whether it will ever get anywhere, that there are still between 400 and 500 Canadian veterans over in England living in abject poverty, while Canada refuses to recognize them with a war veterans allowance which would give them a means of income for the few years they have left. However, even if Canada were to recognize them, the British government would not waive its right to collect income tax on the allowance. So I think the people involved should think more about the realities of what has happened to our veterans rather than building memorials, or at least recognize that there is a higher priority.

Canadians have contributed $1.5 million towards the memorial, which will cost $2.7 million. Britain has raised some $600,000. Surely some 500 veterans or their widows living in destitution should be given consideration by the Canadian government and the U.K. government. They should get together and tell the British empire who we fought for and rectify the fact that they are denying these few widows an allowance that would give them reasonable comfort for the rest of their lives. They should recognize that, get together and arrange a reciprocal agreement.

We in Canada give allied veterans, including British veterans who move to Canada and who are here for 10 years, the full War Veterans Allowance. The British veterans can then leave Canada and go anywhere in the world and still retain that pension.

Many Canadians went overseas because there were no jobs in Canada, and through their British war brides they made contacts that allowed them to live in Britain. Some were successful and some fell on hard times. I think that should be made widely known. We should realize what our priorities are and recognize that the memorial we need to our veterans should be the pensions that we were committed to grant to them back in 1917. That commitment was made to the veterans by the then Prime Minister of Canada.

THE LATE MARY ELIZABETH KINNEAR

TRIBUTES

Hon. Lorna Marsden: Honourable senators, it is 19 years since Mary Elizabeth Kinnear retired from this chamber where she served from April 6, 1967 to April 3, 1973. As you will all have noted with great regret, Senator Kinnear died on Christmas Eve at the age of 93.

Mary Elizabeth Kinnear was born in April 1898 at Wainfleet, Ontario. Throughout her illustrious career, she was an active participant in many organizations. Mrs. Kinnear was a past president of the Port Colborne branch of the Victorian Order of Nurses and a past vice-president of the Business and Professional Women's Association. She was an honourary life member of the Women's Liberal Federation of Canada, of which she was president from 1959 to 1963. She was also a member of the Niagara Peninsula Christmas Seals, the Red Cross Blood Donors, the Port Colborne General Hospital Women's Auxiliary, and the Ontario Women's Liberal Asso-

ciation. Former Prime Minister Lester Pearson summoned Mary Kinnear to the Senate on April 6, 1967.

During her tenure as senator she brought many issues of importance to the fore. In her maiden speech on May 16, 1967 in response to the Speech from the Throne, Senator Kinnear discussed the issue of water and air pollution to underline the importance of combatting the problem and the goal of well-being for all living things. An assistant of mine interviewed Senator Kinnear about 18 months ago and she was still concerned with the environment. She was terribly concerned about nuclear waste problems. She served on the Special Senate Committee on Science Policy under the late Senator Maurice Lamontagne and took up with enthusiasm the issues of environmental pollution resulting from scientific advances in fields such as nuclear energy.

In addition, she discussed issued such as employment, educational and recreational programs, the lack of French language programs and volunteer organizations such as Benevolent Anonymous and Chaplain's Volunteers. In fact, Senator Kinnear was one of a group of women led by the Women's Liberal Federation who campaigned vigorously to have French taught in all schools in Ontario.

Senator Kinnear often spoke about the status of women in Canadian society and, in particular, federal penitentiary facilities for women prisoners, the Elizabeth Fry Society and Halfway House, and discussed statistics on male and female offenders. Senator Kinnear would have been very happy to know about the institution of separate women's prisons which are about to be built at various locations throughout this country.

In addition, Senator Kinnear was a member of several standing committees of the Senate and of the Special Senate Committees on Science Policy and Mass Media. Upon her retirement on March 28, 1973 many senators expressed regret that Senator Kinnear would no longer be in the Senate to display her sense of social conscience and share her knowledge of many important issues. Besides calling her a "decent Grit," Senator Jacques Flynn, in a tribute to her retirement, said:

> Senator Kinnear is a very able woman, a women of considerable experience in many different fields.

● (1410)

The Hon. the Speaker *pro tempore:* Senator, you are over your time. Is permission granted for the Honourable Senator Marsden to continue?

Some Hon. Senators: Agreed.

Senator Marsden: Thank you, honourable senators. I will not detain you much longer. Senator Flynn said a number of complimentary things about Senator Kinnear, as did many others, including Senator Inman. Senator Kinnear herself said, in a biography that has been prepared by one of the community colleges, and I am quoting:

> The talent for governing is in the Senate. People are not aware of those great minds.

She also said:

[Senator Marsden.]

> Senators don't talk much: they don't have to. They think first.

Senator Kinnear was a great advocate of the Senate and a distinguished member of this chamber who made many contributions both here and elsewhere in her life, and we all regret her passing. Thank you, honourable senators.

Hon. Orville H. Phillips: Honourable senators, the late Mary Kinnear had a long and distinguished career in Canadian political life. It is rather unusual to look back on someone's life and see that they had an active political career of 50 years or half a century.

When she was summoned to the Senate by the former Prime Minister Lester Pearson, Mary Kinnear was then one of the few women in the Senate. She was never one who attempted to claim any special status for herself as a lady member of the Senate, but rather participated actively and was readily accepted by everyone.

I recall her participation in committees. Senator Marsden made some reference to the Science Policy Committee. I often think of her in this regard. In a meeting one day, we were discussing noise pollution as a form of pollution. The manufacturers of the DC-9 aircraft were present, and she was questioning them on the noise level of the DC-9. Of course she received the reply that statistics proved that the DC-9 was practically silent. Mary Kinnear looked at the witness and said, "An interesting statistic, but one I find very hard to believe." Quite often when I am working in my garden in the summertime, about 7 o'clock in the evening, there is an Air Canada DC-9 that goes over the western end of the city at a very low altitude. I listen to the noise pollution and say, "Mary Kinnear was right."

While an active participant in the Liberal organization, Mary Kinnear was never nasty or mean in the partisan way. She had too much respect for the Senate as an institution to be partisan. We remember her work in other organizations such as the Victorian Order of Nurses and her interest in the various hospitalization and cultural groups, and we look back on her life with strikonastrikoff gratitude and hope that others will be able to follow the example she established.

[*Translation*]

PRIVATE BILL

ROYAL SOCIETY OF CANADA—BILL TO AMEND ACT TO INCORPORATE—FIRST READING

Hon. Arthur Tremblay presented Bill S-7, an Act to amend the Act to incorporate the Royal Society of Canada.

Bill read first time.

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

On motion of Senator Tremblay, bill placed on the Orders of the Day for second reading on Tuesday, February 18, 1992.

[*English*]

FOREIGN AFFAIRS

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

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

> That the Standing Senate Committee on Foreign Affairs have power to sit at 4:30 o'clock in the afternoon on Tuesday, February 18, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some petitions in a more neutrally coloured file today. They are all against the infamous GST, asking for its repeal and for an immediate election.

There are, in total, 780 names found on 38 petitions; six are from New Brunswick, 10 from Ontario, and 22 from Quebec.

• (1420)

They consist of 127 names from New Brunswick, 227 from Ontario, 446 from Quebec. They are from specifically, New Brunswick: Acadieville, Bas Caraquet, Campbellton, Grand Falls, Grand Sault, Pointe-Sapin, Shediac Bridge, Shippegan, and St.Louis de Kent; from Ontario: Hearst, Kapuskasing, Mississauga, New Liskeard, North York and Toronto; and from Quebec: Kirkland, Laval, Lennoxville, Montreal, Pierrefonds, Pointe Claire, Rivière-des-Prairies, Rouyn-Noranda, St.Leonard and Val D'Or.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 5,067 citizens of Ontario who oppose the goods and services tax on books and periodicals.

These petitions come mainly from Guelph, Trenton, Scarborough, Toronto, Brantford, Peterborough, Windsor, Pickering, Oshawa, Sarnia, Weston, Mississauga, Waterloo, Downsview and North Bay.

[*English*]

5067 signatures of citizens from Ontario opposing the GST on books and newspapers.

THE SENATE

DELAY IN PRODUCTION OF DEBATES—QUESTION OF PRIVILEGE

Hon. Royce Frith (Leader of the Opposition: I do not want to use up that valuable time that is doled out to us every day for Question Period, so before the clock starts ticking, I want to point out that I had wanted to ask a question arising out of an answer given yesterday by the Leader of the Government in the Senate. I wanted, of course, to consult the *Debates of the Senate* in order to provide a preamble to my question in fairness to the Leader, it being on the subject of the GATT.

I would ask the Speaker and the Clerk at the Table to please let us know why it is that we cannot have yesterday's *Debates of the Senate* at least by Question Period time. Often we might need it even before then, but we would certainly need it for Question Period.

Since I do have some questions unrelated to *Hansard*, the clock can start ticking if you wish to call Question Period.

The Hon. the Speaker *pro tempore:* With respect to *Hansard,* I do not know the reason for the delay. Maybe the Clerk could inform us?

Senator Frith: I am asking that the Chair and the Table prepare a report, which the Speaker can give us tomorrow, as to why we are not getting our *Debates of the Senate* in time to use them for a Senate session.

QUESTION PERIOD

CANADA-UNITED STATES FREE TRADE

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

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government on the subject of free trade. As I recall, when the free trade debate was raging in this country, the government let it be believed, and it was in fact believed by many Canadians, that free trade would result in increased cross-border shopping. I recall, in fact, the government saying that cross-border shopping would increase. Consequently, many Canadians felt it would be easier to shop across the border once the free trade agreement came into effect.

Now, with the GST in place, we find that the Government will be introducing some measures to make it more difficult for Canadian consumers to cross-border shop. There are reasons for that—namely, that cross-border shopping has had on our merchants. However, I would like to know whether the Government, which is planning now to limit what many Canadian consumers thought was going to be a benefit of free trade, is also going to do anything about the corporations that are taking advantage of free trade by removing jobs from this country and moving them to the south? In other words, are we going to be in a situation where these so-called benefits of free trade, as proposed by the Government—

Senator Simard: Not so-called benefits. There are many.

Senator Frith: I am glad to know there is one champion of the free trade left in this great country of ours, and I am not at all surprised to find that that champion is Senator Simard.

I am asking the Leader of the Government whether there are any measures planned that would restrict the corporations

from taking advantage of the free trade agreement to the detriment of Canadian jobs?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the honourable senator is inviting—

Senator Frith: Why don't you deal with the question? I am asking a question.

Senator Murray: The Leader of the Opposition is inviting a debate on this matter, and I suggest that he put down an inquiry and we will have the debate at the time provided in our rules for debate. At the moment, I will simply remind him that, when he mentions Canadian businesses that are locating elsewhere, there has been record net foreign investment in this country since the advent of the free trade agreement demonstrating that the more open borders and the policies of this government—

Senator Olson: More net jobs?

Senator Murray: —yes, yes—

Senator Olson: Increase in net jobs?

Senator Murray: —have been such as to favour investment, expansion, and job creation in this country.

Some Hon. Senators: Oh! Oh!

Senator Frith: I am allowing a respectable pause to see whether the minister is going to smile when he says that, but no, apparently he expects us to take him seriously.

I have two comments by way of supplementary questions. One is that, of course, when the Government does not want to answer a question, it says that "we are trying to engage in debate and that it is better dealt with elsewhere." What is happening, of course, is that the announcement that is the basis for my question is to take place at three o'clock this afternoon.

Senator Murray: Three-thirty.

Senator Frith: Ah, three-thirty. That's different. Perhaps then we should debate it, rather than have it dealt with in Question Period, because of that crucial half-hour difference.

So it is not surprising. We know there is a code here. When the Government does not want to answer a question or give information about government policy or give material information, it usually resorts to saying that we should not deal with it in Question Period, but that we should debate it. Or they make some comment about the person that is asking the question, or they make some comment about the Liberal government or some other government or some provincial government. That is the kind of answer and the kind of help we get in Question Period.

It is understandable that this government wants to limit Question Period to half an hour. Otherwise, of course, it would be likely to run out of reasons for not answering questions.

Incidentally, I would be interested, and I am sure many senators on both sides would be interested, in the figures indicating a net increase in jobs since the free trade. The Minister was careful in his answer to say net increase in investment, but then when someone asked about jobs, he said, yes, jobs. I hope he will let us have that information. Or is that something we need to have a debate about also? We have to wait for a debate apparently, but perhaps we can have something put on the record giving us the figures on net increased investment and net increased jobs.

• (1430)

On the subject of job training, it seems that the government is stoutly maintaining its reputation for cynicism and, in this and other cases, deception. When we were asked to pass Bill C-21, the unemployment insurance legislation, I remember that Senators Robertson and Tremblay, in particular, stressed the importance of the extra money that would be flowing through the new Labour Force Development Strategy. But like some clumsy magician, the government, it seems to me, is giving with one hand and taking away with the other—although perhaps there is an explanation.

There is a report that internal planning memos from the Metro Toronto Canadian Job Strategy Unit of the government's Canada Employment and Immigration Commission indicate proposed cuts of 20 to 50 per cent in regular funds for 1992-93 programming. If that is true, any increase in funds for training through the new Labour Force Development Strategy is being offset by cuts to the Canadian Jobs Strategy.

I remind senators that Bernard Valcourt, Minister of Employment and Immigration, stated that Canada needs to "develop effective training and re-employment programs, to remove structural barriers to employment for women and disadvantaged groups, and special measures to integrate the long-term unemployed as well as newcomers into the labour market". These cuts proposed will affect precisely these very groups. Plans by his staff to cut proven successful training programs, it seems to me, run contrary to the minister's statement.

Will the leader of the government ask his colleague for an explanation?

Senator Murray: I shall certainly ask for some elaboration from Mr. Valcourt on the matters that the honourable senator has raised. However, the emphasis is on training, and the honourable senator should not be surprised to find money diverted from make-work projects and other such things to the more important, long-term objective of training and retraining the unemployed.

While I am on my feet, honourable senators, I was looking for this statistic in answer to the first question of the Leader of the Opposition. He referred to Canadian companies locating elsewhere. I spoke of the increase in foreign direct investment. It turns out that in the last year before the free trade agreement Canada had a net direct investment deficit of $2.5 billion. In 1990, for the first time in 16 years, we had a net inflow of $4.3 billion from all countries.

I think that speaks quite eloquently to the increased confidence in the Canadian economy and in Canada as a result of the free trade agreement.

Senator Olson: Tell us about the jobs.

Senator Murray: I thank the honourable senator for reminding me of that. The first year of the free trade agreement was 1989 and there was an increase in employment of between 2 and 3 per cent in that year. In 1990 there was another increase in employment, albeit a small one, of less than 1 per cent. There has been a net increase in employment since the free trade agreement came into effect.

Senator Gigantès: How did unemployment rise?

Senator Murray: If the honourable senator wants more information, I can put it on the record. He talks about unemployment rising. Unemployment is lower today than it was in September, 1984, when this government took office.

Some Hon. Senators: Oh, oh!

Senator Gigantès: There they go. We will put on the gravestone of the honourable senator, "I died better than I would have died in 1984".

Senator Murray: I am trying to answer the questions of the honourable senators. Second, if the honourable senator wants an easy-to-understand statistic with regard to employment, I can tell him that since September, 1984, 1,300,000 new jobs have been created in this country.

Senator Frith: Honourable senators, the Leader of the Government said I should not be surprised. I am bound to say that he is right about that one thing. I am not surprised by the answer he tried to give us.

THE ECONOMY

EFFECTS OF FREE TRADE—GOVERNMENT FORECASTS

Hon. L. Norbert Thériault: Honourable senators, I would like the Leader of the Government in the Senate to answer yes or no to the question of whether the pro-free trade government people, in the debate on free trade prior to 1988, led the Canadian people to believe that if free trade was to come into force, there would be a saving of between $800 and $1,200 per family in the price of goods.

Hon. Lowell Murray (Leader of the Government): The honourable senator has asked me to confirm a figure that he says was put out by members of the government. I would want to verify the statement that he has made on that matter.

As a general statement, I certainly can say that the government forecast that the free trade agreement would have a positive and beneficial effect in this country in terms of inflation, in terms of employment, in terms of investment, as I have just demonstrated, and in terms of economic growth. Honourable senators, two years into an agreement that is to be phased in over ten years, we have been proven correct.

Senator Gigantès: We are in a depression.

Senator Thériault: Honourable senators, I speak on behalf of a great majority of Canadians when I tell the Leader of the Government in the Senate that he will not live to see the ten-year agreement, because the people of Canada have had it right up to here.

Senator Cogger: So you are going to tear it up, is that it?

Senator Thériault: I hope someone will tear it up, yes.

Honourable senators, after two years of the government's free trade agreement, how can the Leader of the Government in the Senate justify imposing measures on Canadian consumers which will penalize them for going across the border to shop? My criticism includes my own premier as well. How can you justify that?

Senator Murray: Honourable senators, I was quite interested in the statement of the honourable senator that he and his party, if elected to government, would certainly tear up the free trade agreement. I do not know whether the honourable senator was present, with a number of other Liberals, at the meeting across the river a couple of months ago when Mr. Chrétien, in a very gentle and elegant way, tried to put the Turner years behind him and pointed out that we are in an age of globalization, that we are in an age when the free market—

Senator Gigantès: Answer the question.

Senator Molgat: Answer the question.

Senator Gigantès: Let us debate it.

Senator Murray: A number of honourable senators from the Liberal side and Members of Parliament were so delighted with the new direction in which it appeared Mr. Chrétien was taking the party that one of them came out afterwards and said, "Eat your heart out, Lloyd Axworthy".

Senator Frith: Can you remember what your question was?

Senator Thériault: Honourable senators, that was a great example of a leader and important minister in government making statements that are important to the economy of this country. I do not pretend to speak for the Liberal Party. I am not Jean-Maurice Simard. I do not speak for the people of New Brunswick; I speak for myself. I also speak for Canadians that I meet and talk with day in and day out. I am not saying that the Free Trade Agreement should be torn apart or thrown away. I am saying that if it cannot be amended to benefit the Canadian people, then someone should tear it apart.

• (1440)

It is time to leave the past behind. It is time that you forgot 1984. Canada was governed in 1984 for half of the year by a Liberal government. The largest increase in employment ever in Canada was in 1984, and you can only take credit for half of that year.

Would the Leader of the Government in the Senate please remind his colleagues that they are now in their eighth year of governing this country. The people of Canada laughed at the Prime Minister when last week he said, "We inherited such a mess eight years ago." If you were hired as manager for a company—and the Prime Minister thinks he was hired by an American company to run this country for the benefit of the Americans—you would not be given eight years to turn it around and still blame your lack of success on your predecessor.

I wish to remind the Leader of the Government in the Senate that the government has deceived the people of Canada with its debate on free trade. It is again deceiving the people of Canada. I suppose it will blame our economic problems on the premiers, that the government is losing tax revenue because people are going across the border to shop. Why can the government not be honest and come out and say clearly to the people of Canada, "It is illegal to shop across the border, and we will stop you"?

Senator Murray: Honourable senators, it is not illegal to shop across the border. Mr. Jelinek, the Minister of National Revenue, will be announcing later today some initiatives that we hope will, as they say, "level the playing field" between Canadian and American shoppers and retailers. That is what is important. I invite the attention of my honourable friend to the announcement that will be made by Mr. Jelinek later today.

The only other comment I would make on the intervention of Senator Thériault is to suggest that he might profitably examine recent declarations—and there have been many of them—by a distinguished New Brunswicker, Premier Frank McKenna, in which that honourable gentleman candidly expressed his support for the general thrust of federal government economic and fiscal policies, and suggested ways in which they could be strengthened and improved. These ways are now being studied.

Senator Thériault: Honourable senators, perhaps the Leader of the Government could also review the statements of the Premier of New Brunswick where he said last week that, after two years of the Free Trade Agreement, he was not sure there were any benefits for Canadians.

As far as Jean Chrétien is concerned, and as far as you are concerned, look at the polls this morning. He is at 39 per cent and you are at 16 per cent.

OFFICIAL LANGUAGES

EFFECT OF STATEMENT BY MR. JOHN CRISPO—GOVERNMENT POSITION

Hon. Philippe Deane Gigantès: Honourable senators, I wish to ask the Leader of the Government if anything will be done about John Crispo. Mr. Crispo, whom your government appointed to the Board of Governors of the Canadian Broadcasting Corporation, cited selective figures which he said were "staggering and devastating", and he implied that official bilingualism "is working against unilingual English Canadians getting high-level federal jobs." Seventy-seven per cent of senior management jobs in the public service are held by Anglophones. This is not a time for a government appointee to be making this kind of inflammatory statement.

On the unity issue, even people like myself who are not good at restraining their temper have been quiet for a long time to allow the government to do something to keep the country together, and one of the government's appointees accuses the public service of being an organization inimical to the interests of Anglophones.

[Senator Thériault.]

When this issue was raised in the House of Commons, the answer by Mr. Harvie Andre was:

> It opens all kinds of questions, whether it is appropriate to suggest that someone in that capacity has no right to say things which are offensive.

Well, it is understandable that Mr. Andre should take that position, because if offensive things were forbidden, Mr. Andre would have to keep his mouth shut all the time.

It is at this time in the life of this country, seditious and against the highest interests of the state for your government to pay Mr. Crispo to get up and inflame Anglophone feelings against the Francophones of this country.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I could not disagree more than I do with the statements that have been attributed in the article cited by Senator Gigantès.

Having said that, Mr. Crispo is one of thousands of Canadians who sit on hundreds of boards and commissions. He is not an employee of the government. We are not responsible for his views and the views of others on a variety of subjects that have nothing to do with his mandate as a member of the board of a crown corporation. I do not know whether the honourable senator is suggesting that there is some way that we can screen or censor all of the appointees to boards and commissions for political correctness, but it is a very difficult thing to do.

Having said that, as I say, I disagree completely with the statements attributed to Mr. Crispo.

Senator Gigantès: Members of boards, such as the board of the Canadian Broadcasting Corporation, serve in good conduct. If their conduct is not good, they can be removed from that board by an Order in Council. I say that the present circumstances are such that English-French tensions could play an important part in either tightening or loosening the bonds that hold this country together. I am saying this in English because I want the Anglophone members of the Senate to understand how serious this is. Allowing somebody like Mr. Crispo to continue collecting a high government salary while undermining the unity of this country is wrong.

Senator Murray: I do not know how much Mr. Crispo collects from the government in his per diem as a member of the board of that crown corporation.

Senator Gigantès: One penny is too much.

Senator Murray: I appreciate what the honourable senator is saying. I understand it, and I do not disagree with it. However, I take it as a representation. I do ask the honourable senator to reflect where it will end if we must sack every member of a board or an agency or a commission who takes a position with which we disagree, however mistaken we may think his position is.

GENERAL AGREEMENT ON TARIFFS AND TRADE

POSSIBLE ELIMINATION OF ARTICLE XI—IMPACT ON FARMING COMMUNITY—GOVERNMENT POSITION

Hon. Peter Bosa: I have a question for the Leader of the Government in the Senate with respect to the GATT. Several members of the government, including the honourable gentleman, have stated that they have instructed the officials at the negotiating table to fight the elimination of Article XI. Has the government conducted a study of the impact that the elimination of this particular Article would have on the farming community, a community that produces processed cheese, dairy products and poultry?

As well, was a study done on what the impact would be on the cost-of-living index for the consumer if Article XI were eliminated?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Dunkel text was released only in late December, so there has not been time for detailed studies on some of these matters.

• (1450)

What the honourable senator is talking about in the first instance is a study on the impact of tariffication on the dairy and poultry industry. We have not done that. At the insistence of the industries, we are continuing to fight for the strengthening and clarification of Article XI. Any such study would have to be done in conjunction with the industry and would involve various hypotheses about levels of tariffication and so on, in which we are not now engaged. We are fighting for the retention, strengthening and clarification of Article XI.

Senator Bosa: However, we know now that there are only a handful of countries that find themselves in the same situation as is Canada out of a membership of something like 106. The writing is on the wall that, due to sheer numbers, it is very unlikely that we will be able to convince the majority of members to allow us to keep Article XI. In view of that situation, does the Leader of the Government not share my view that such a study should be done quickly so that the supply management community might be prepared for whatever lies ahead?

Senator Murray: Yesterday I was asked by the Leader of the Opposition whether the government had given up in its efforts to retain, clarify and strengthen Article XI. I said "no we had not", and we have not. The question of the Honourable Senator Bosa suggests, however, that he and his colleagues are strikonhowever,strikoff giving up on this matter.

Some Hon. Senators: No.

Hon. H.A. Olson: That is awful.

Senator Murray: The honourable senator said that the writing is on the wall. We do not accept that.

Hon. Phillippe Deane Gigantès: Because you could not read it.

Senator Murray: As I indicated yesterday, the Prime Minister has been in touch with other world leaders and we will continue along those lines. The supply management sector, as Senator Bosa describes it, are frankly not interested in pursuing studies of the impact of tariffication and that kind of thing. They want our efforts directed to fighting for Article XI and its strengthening and clarification, and that is what we are doing.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, that is not correct. It certainly is not correct to say that. I do not think that any party in Canada, or any individual that I am aware of, is taking the position that we should give up.

However, on the specific question of an impact study, I am familiar with the fact that the government has pointed out that they did not want an impact study to be misinterpreted as support for tariffication. In that I support them. I would not want the Government of Canada, any political party in Canada or any politician to be interpreted as advocating that we should give up in our fight to maintain and clarify Article XI.

However, information from members of the industry is not consistent with the last statement that the minister made, namely, that they are worried that an impact study would be so misinterpreted. In fact "they", I understand, asked the government to please do an impact study and the government refused them—at least for the moment. The context in which the industry was speaking when I heard them was that, although we do not have a large group of allies on our side, there are allies and many members of the GATT who do not really care one way or the other. To use their words, they could live with maintaining Article XI, and an impact study would help the Government of Canada to persuade others to support Canada's position to maintain Article XI if they could show by such an impact study the serious consequences that it would have on the Canadian economy.

Senator Murray: Both the honourable senator and I indicated incorrectly that Article XI might be taken out. Article XI, even in the Dunkel text, remains. But clarification—

Senator Frith: Yes, clarification is the better word.

Senator Murray: Yes it is. Clarification and strengthening is extremely important.

Senator Frith: That is correct; I agree.

Senator Murray: Panel decisions over a period of time have tended to—

Senator Frith: To show its weaknesses?

Senator Murray: Yes, to reveal certain weaknesses. If the honourable senator can indicate to me which organizations in the industry have asked us to do impact studies, I will check with my colleague, Mr. Wilson, to see what his response is on that matter.

Senator Frith: I think that is reasonable. I will try and do that. In the meantime, I hope that the Leader of the Government will try to give us some further information on the impact study and the government's position on this aspect of

the impact study, namely, its usefulness as a weapon in continuing the fight.

CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

ST. PIERRE AND MIQUELON—STATUS OF ARBITRATION ON TERRITORIAL SEAS

Hon. John B. Stewart: On November 19, 1991, I asked the Leader of the Government in the Senate if he would tell us what progress we might anticipate during the next few weeks in the arbitration with regard to claims made by France to Canadian territorial waters adjacent to the islands of St. Pierre and Miquelon.

The Leader of the Government in the Senate was kind enough to say that a decision on this matter was expected early in 1992. Could he tell us today if "early in 1992" means perhaps by the end of February or March? What is the situation? If he does not have that information at hand just now, could he give it to us either tomorrow or early next week?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the latest information we have from our advisors on that matter is that we expect the decision to be rendered by late February or early March.

RULES OF THE SENATE

PROPOSAL FOR REVIEW BY RULES COMMITTEE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on a Point of Order, I want to draw attention to the fact that there are many aspects of these new rules that would merit a study by our rules committee. I hope the Leader of the Government will agree that I am not breaking any confidence when I tell the Senate that he and I have discussed the need for review of these rules by the Standing Senate Committee on Privileges, Standing Rules and Orders, now that we have seen them in operation for some time. There has been a reason for delay in action by that committee and the constitution of that committee that I will not bore you with because most of you know the reason.

● (1500)

The Leader of the Government and I have discussed the possibility of that committee doing such a study. I think, therefore, we should, as we experience these new rules—and I do not expect we will totally agree on any of these revisions—draw attention in the Senate to the aspects of the rules that are unsatisfactory, so they can attract the attention of the Rules committee for any such study.

I take the opportunity to point out that there seems to be a number of senators who wish to ask the government more questions. The rules provide that there be no more time to do so. It is particularly absurd on a day like today when there is no government business to be done. Therefore, I note for the record and for the attention of the Rules committee the time limit these rules put on Question Period.

Senator Perrault: It is ridiculous!

Senator Frith: I think we have noted and perhaps all agree that there are other such rules that the Rules committee might find referred to in the *Debates of the Senate* during this period under the new rules, such as the provision that permits the Speaker, or if I understand properly, in his absence the Clerk of the Senate, to postpone the return of the Senate after adjournment following consultation with the leadership. I think many of us agree that it should be with the approval of the leadership and not just consultation. I pick that as an example. There are other examples, some of which I think have worked out badly for the Opposition, and in my opinion some of which have worked out badly for the government, too, but mainly have worked out badly for the Senate as a whole. Therefore I invite senators, during debate when they find some aspect of the new rules that merit study by the Rules committee, to put it on the record because it would be helpful for the clerk of that committee in drawing up an agenda for such a study.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I agree with the statement that the Leader of the Opposition has just made. It does reflect a private discussion we had earlier on this matter. The new rules or the revised rules came into effect toward the end of June, 1991. We have had some experience with them throughout the fall and winter months. It is my hope and expectation that the Rules committee would monitor our experience with these rules, that they would deliberate on them and let us have a report suggesting possible changes and improvements in a few months' time, certainly before we go home for the summer months.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Sixth Report of the Standing Committee on Internal Economy, Budgets and Administration (1992-93 expenditures), presented to the Senate on February 11, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, on January 15, the Standing Committee on Internal Economy, Budgets and Administration approved the Senate Estimates for the fiscal year 1992-93.

Very briefly, I would like to say that the committee was concerned about the state of the economy and how it affects many of our fellow citizens across the country. The Committee tried very hard not only to avoid any increases this year but also to make the budget a little leaner.

We feel this is a modest contribution towards dealing with the present state of the economy.

I would also like to thank all members of the Committee on Internal Economy, Budgets and Administration, who spent long hours considering the details of each item before finally

producing this report. I would like to emphasize the work done by Senator Doody, and I think all our colleagues would agree. He chaired the budget sub-committee, so his contribution was quite substantial. I also would like to mention the work done by the committee's deputy chairman, Senator LeBlanc (Beauséjour).

Also a word of thanks to our staff, who during long hours of lengthy sittings provided all the necessary information and answered many questions that were not always easy.

Finally, I may add that the modest cutbacks in the 1992-93 Estimates will affect even the Speaker of the Senate, as well as senators and staff members. To each and everyone, my sincere thanks.

Honourable senators, I move the adoption of this report.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*English*]

SENATE REFORM

MOTION TO APPROVE THE PRINCIPLE OF AN ELECTED SENATE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Hébert:
>
> That the Senate of Canada agrees with the principle that the Senate be reformed, by making it an elected body with sufficient membership and power to effectively represent the people of Canada in all regions of our land.—(*Honourable Senator Molgat*).

The Hon. the Speaker *pro tempore:* Senator Molgat, I am informed that I have to inform you that you took one minute, so you have 14 minutes left.

Senator Perrault: Garbage!

Senator Frith: Another note for the Rules committee!

The Hon. the Speaker *pro tempore:* I agree with what was said by Senator Frith and Senator Murray, that the rules should be changed on such occasions.

Hon. Gildas L. Molgat: Honourable senators, on that basis I suppose I will have to try and contain the rest of my comments to 14 minutes. I shall attempt to do that although the subject lends itself to a great deal more time than that.

However, I have to start off by making a correction insofar as my comments of yesterday are concerned. I have had a look at the blues; I did not have the *Debates* at the time. I find that I say that "I have no firm views on this subject" when I was introducing my comment urging members to get involved. I hasten to tell the *Hansard* staff that the problem is not theirs; I am sure the problem is mine. It is probably what I said, but it is certainly not what I intended to say. What I meant to say is that I have no firm views on some of the mechanics about reforming the Senate but I do have some very firm views on the substance of the question.

• (1510)

I have to admit that many years ago when I was involved in another study on the Senate I was not at that time convinced, but my years here have convinced me that if the Senate is to properly do its job as a regional body it must be elected. It is the only way in which it will have political validity. Without that, I do not think it can properly perform its duty. We have had ample power here, but we have not used it in the past simply because we did not feel that we had that legitimacy which election will bring.

Election is not perfection. I have no illusions in that regard, but it is the course we must follow to give us legitimacy to do our job for our regions. I am firm on that matter.

I am also firm on the question of powers. The Senate must have sufficient powers to do that job of regional representation. For example, if in the reformed house we are prevented from having control on money matters, we will not be meaningful to our regions. That has to follow. There I am prepared to look at some limits on power, and I will talk about that later, but we must have sufficient power otherwise we will be a meaningless body, and the whole exercise of reform will be a waste of time.

The third matter on which I am firm is that we must have much greater equality in the Senate than at present. I know that the cry of most of my colleagues from the west—although not all—is total equality by province. I am afraid that if we fought for that, we would end up by not having the powers that we need. Frankly, I am more concerned about the powers of the Senate. Nevertheless, we have to move to much greater equality of numbers; the smaller provinces and the regions outside of the centre must have a greater voice.

The other matter I am equally convinced of is that we must do everything we can to make the new Senate less partisan than the House of Commons; in fact, to distance it as far as we can from party politics. That is where the mechanics become important, to try and ensure that the individuals here will be truly regional representatives and not party representatives. It will not be easy, but there are ways in which we can strive for that—although not totally. I have no illusions, since this is a political body and a political body inevitably has groupings.

One way in which that could be done is, rather than having senators attend party caucuses, they might be obliged to attend caucuses by region. That might be difficult in the beginning. I may find it particularly difficult. I may find myself in the same caucus as my colleague Senator Roblin, who unfortunately is not here today. We sat across the floor from each other in the Manitoba Legislature for 15 years, he on the government side for a period of time and I on the opposition. For a period of time he was the Premier and I was the Leader of the Opposition. We naturally fought, and we fought hard. To find myself sitting in a regional caucus with him might be a little difficult to begin with, but we would get used to it.

Senator Frith: In fact, you two often agree on matters.

Senator Molgat: Yes, we frequently agree here, much more frequently than we did in the old days. I think that that might be the way in which we could accomplish our goals in this respect. In a reformed house, we would have to be as free as possible from the government, and not be constantly under the thumb of the government. Those, to me, are the firm issues. On the other issues I am prepared to look at some details and change some of the mechanics.

I have referred previously to the report of the special joint committee of the two houses, on which a number of my colleagues presently sitting opposite collaborated. Generally, I agree with the thrust of the report. There are a couple of areas where I have changed my mind since then, although I have to admit that, even then, I was not convinced as to the details that we put in there. However, one has to remember that there were more members from the House of Commons on the committee than senators, and that the members of the House of Commons had the final say.

The two main areas where I disagree are on the questions of power. In my opinion, this report does not give sufficient power to the Senate. I want to emphasize that point because I believe that during the hearings of the Beaudoin-Dobbie Committee, some bureaucrats indicated that they had taken from this report the recommendations of Parliament. I want to make it clear that I do not agree with that. I do not think that this report advocates sufficient power for the Senate.

The other matter on which I disagree is the suspensive veto. Here I have to say it is a change of mind on my part. It is a change of mind as a result of seeing what has gone on in this place in a number of the debates of the issues before us, such as the GST and the drug bill. If we are to have a purely suspensive veto based on six months, it will not work. It will simply mean that the government will build into its program a six-month delay, and that there will therefore not be a meaningful regional input by senators.

Having said that, I will deal now with some of the technical propositions that we have to look at and which may solve some of the questions that Senator Grafstein raises about how do we make the Senate less partisan. In our report we recommend that the election method should be "first past the post." That is another area with which I do not agree. That was a view pushed mainly by members of the House of Commons. Their view was that that is the common system in Canada, a system electors know, and would not confuse the issue with another system. In the new Senate we have to be prepared to be very different from the House of Commons. 'First past the post' will not provide what we want because it will help the party system.

For the same reason, I do not support the proportional representation system. Under the proportional representation system, as I understand it, lists have to be drawn up. I believe that is the system in Australia where the party sets up a list.

Senator Frith: Not necessarily.

[Senator Molgat.]

Senator Molgat: Someone has to set up a list. I would be prepared to look at systems, but if a list is set up by the party, that would be worse than 'first past the post' because the fight then becomes, how does one get on the list? The party determines totally how one gets on the list. That is the Australian system and that will not yield what we want.

We have to go to the single transferable ballot which will provide a senator with the broadest support. In other words, if no individual gets more than 50 per cent of the vote, the one at the bottom end with the least votes drops out and the ballots are transferred, and that would give a more consensual result and a less partisan one. So much for the method of re-election.

Election timing should never be at the same time as a federal election. In that manner, the election of senators is not tied to the party question and the debate that goes on at that point, particularly under our present electoral system and the domination of a leader. The whole issue should be separate. I would go so far as to say that we should have set dates for elections and if by any chance a federal election were called at that time, the Senate election should be deferred so that there is no possibility of that transfer from the politics of the other place to this place.

• (1520)

Another issue which I think we should be very careful about is election expenses. When one looks at the American system and the cost of Senate elections in that country and the terrible dangers that brings of big money, big business, big unions or big whatever, —big parties, being the ones who finally determine who is going to be elected—I think that is wrong. If we are to have a new Senate, we can make absolutely new rules as to election procedures, and I think one of the issues we should look at very carefully and be very tight on is election expenses.

Then we have the question of term. Our report recommended something rather revolutionary, and I know it was not that well received, but I still think we should have a look at the proposition. What we proposed was a single long term.

I know people say, "But you do not have accountability if you do not have to be re-elected." Well, that is true. You do not have the same degree of accountability. However, in our view, it provided something to the new senators which we should look at. It provided a very long period with plenty of time for getting involved in the process, getting to know how the system works, and not having that constant pressure of re-election. Some people say, "Well, yes, but that does not make sense because you are not accountable if you do that." Well, we appoint judges, and we appoint them for long periods, and I think that by and large our judges, even though they do not have to be re-elected, do their job. I think that some senators will come in and not work, admittedly, but there are also some people who do not work in the House of Commons even though it is elected.

The great benefit in a single long term would be that those senators would be able to look at government legislation in a totally dispassionate way, not being concerned as to what will happen if I vote for this? What will my chances be at the next

election? There would be, I think, a much more reasoned approach to the questions. I know it is not a concept that is readily agreeable, but I still think that it ought to be looked at very carefully as to its advantages. It would also mean that one would not be beholden to a party. A senator would be much more independent from party discipline under that sort of a system.

The next item is the question of constituencies. Should senators have constituencies, or should they be elected at large in a province? Honourable senators, there are advantages to both systems. My concern is that if they are elected at large, they would end up representing only the big cities.

Take my province, for example. Of a population of about a million, two-thirds of those live in the city of Winnipeg. I do not think there would be a possibility of a senator such as myself, coming as I do from a small village 200 miles out in the country, of ever being elected to the Senate. I use myself as an example, but that is not the issue, of course. The issue is I think we would end up with city representation.

When you look at this country and what happens right now in the House of Commons, the House of Commons today is virtually dominated by city seats. You take cities like Toronto and Montreal. I think they have 23 seats each. My province as a whole has 14 seats, seven of them from the city of Winnipeg.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed that he continue?

Some Hon. Senators: Agreed.

An Hon. Senator: One minute.

Senator Perrault: You are so pressed for time over there.

Senator Molgat: I will try to speed it up.

Senator Frith: Once leave is given, you are not limited to one minute. You are all set. Go for it.

Senator Molgat: We then have to look at constituencies. I think there should be an independent commission established across the country with smaller commissions in the provinces to make recommendations. Seats would not need to be equal in size, either geographically or by number of electors. If it were our wish, it could provide a mechanism whereby we could ensure that there would be Aboriginal members in the Senate.

Senator Frith: And Francophones outside Quebec.

Senator Molgat: Or whatever groups we wanted. The one it would not cover would be the gender question. I do not know how you solve that one. As far as the Aboriginal groups, there would be no problem in having a constituency which takes in a number of Aboriginal centres. They need not be contiguous, but the senator would represent those. I think we would achieve that objective by having individual constituencies. We could tailor it to suit the system. We could also have those constituencies with some common interest. In fact, Senator Frith has suggested that they could even cross borders of provinces. That is something that we should look at, because I do not think we should look at the new Senate as a body representing provinces per se, and certainly not representing provincial governments, but a body representing the people in that region. We should be looking at that whole question of regional representation.

Then we come to the most difficult question of all, and that is the number of senators and the powers. I do not think you can separate those. I suppose we could get equality without power, but I really cannot see the two big provinces agreeing to give total equality across the country. Really, I do not know whether that could work. I look at, for example, provinces now dominated by cities, and I come back to my own province. I cannot believe that the people in the city of Winnipeg, with a population of over 600,000, would agree to give the city of Flin Flon, with about 25,000, an equal vote in provincial affairs. I do not think they would do it. I think there is a reason for that. I cannot really believe that there can be total equality but there certainly can be much greater equality.

Our committee recommended basically 12 senators across the board, leaving Ontario and Quebec with their present 24 each, and Prince Edward Island with six. Senator Hays recently sent around a document on Senate reform, and I think you have all received that. He has a different numbering system. I think that is something that is negotiable, but the essence must be a greater representation for the outer regions. Our proposal of 12 across the board had this advantage to it: It meant the four western provinces together had 48 senators, the same as Ontario and Quebec together. The Maritime region ended up also with not quite 48, but almost. I thought that gave that kind of equality. Perhaps some would feel that a House made up of that number was too big a house. That is certainly a consideration, and perhaps we can look at other numbers.

Then we come to the question of powers, and I come back to what I said earlier. Unless the Senate has enough power to really be able to do that job of regional representation, then we are wasting our time. If such a Senate does not have sufficient power, as far as I am concerned we may as well abolish it, because it would not accomplish what we need in so far as the regional representation.

I am afraid that with all the talk about Senate reform, some people are really expecting wonders of a new Senate, and I am afraid there will be grave disappointment, because even with a reformed, elected Senate there will not be an overnight change in this country. I would hope that the great proponents of such a body, particularly in my part of the country, will not be too disappointed. I think they are building up their hopes a little too high. However, we must ensure that we do have sufficient power that eventually, over the years, the Senate does end up becoming the kind of body that we want it to be. That is why the powers are important.

• (1530)

My last point is this: The Beaudoin-Dobbie Committee will report shortly. I assume that in their report there will be a number of recommendations. I do not know into how much detail they will go. I expect that it will probably be made up mostly of principles. However, after that, what will happen?

In the normal course of events, a group of bureaucrats will take the principles and work them into a detailed program that the government will then propose to the provinces. It is here that I think there ought to be some definite input from the Senate and the House of Commons from those who have been directly involved in the process. I refer to people who have been elected to the other place. Many here have been elected at one time or another to certain bodies, perhaps not to the House of Commons necessarily, although some have, but to other bodies. I think we should be involved in the working out of the final details. I do not think it should simply be left up to a group of bureaucrats who have never had to live and work in the system.

Some Hon. Senators: Hear, hear.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I had not intended to take part in this debate, and I really do not intend to do so in any substantive or lengthy way.

Over the Christmas holidays, I was reading the Confederation Debates. The honourable senator may recall that in the United Province of Canada from 1840 on there was an appointed upper house consisting of life members. At a given point, and I am not sure exactly when, although I think it was some time in the 1850s, it was decided to make that upper house a partially elected house.

By the time the negotiations concerning Confederation came around, even those who had favoured an elected upper house, including Macdonald, Brown and a number of others, were so disenchanted with the experience that not one of them supported the idea of an elected Senate in the Confederation Debates. The only proponents of an elected Senate were the delegates from, as I recall, the Maritime provinces, in particular from Prince Edward Island.

I am not saying that as an argument against an elected Senate. Indeed, as Senator Frith and Senator Fairbairn will recall, I announced the position of the present government on this matter in a speech in Edmonton in 1988, I believe it was. At that time I stated that our preference in a reformed Senate would be an elected Senate with real powers, although fewer powers than the present Senate has, and with a more equitable representation of provinces. Certainly, a situation in which the Province of British Columbia with 3 million people has only six senators, whereas other much smaller provinces have as many as 10 senators, is not an equitable situation.

Since that time, the government built on this position, resulting in the proposal contained in the present constitutional package, which is the subject of discussions before the joint parliamentary committee and elsewhere.

I have a question to put to the honourable senator and, in so doing, I make a suggestion to other honourable senators who may take part in the debate. I do not have a personal view on Senate reform, at least I do not have one that I am free to discuss in public. As I listen to rather than take part in the debate across the country on this question of Senate reform, I wonder whether we should not enlarge the debate in this sense.

[Senator Molgat.]

Should we not discuss the entire parliamentary system? Should we not consider, in the course of this debate, whether we should move not just to an elected Senate but to a complete separation of powers, such as is the case in the United States where the head of the executive is elected by direct election and the cabinet is not responsible to the House of Commons?

If it is the belief of the honourable senator that regional alienation is such a serious problem in this country, and that the solution to the problem lies in reform of parliamentary institutions, then it seems to me you should consider not just one of the wings of Parliament and government but the entire parliamentary system.

The more I reflect on it, it appears to me that there is some danger in what is now being suggested, in trying to graft onto the British parliamentary system what is essentially an American institution: an upper house which, as the Honourable Senator Molgat would have it, would be free of party discipline and would have quite a long tenure—a true house of the regions.

I must say, and I am expressing a personal opinion here, that I think the debate ought to be enlarged. We ought to put the entire parliamentary system up for discussion in the debate. I think I know what side I would come down on myself, being both a small "c" and a large "C" Conservative. However, I think that debate will have to be held in this country sooner or later. Whether it will be in the interests of our country, given its regional nature, its linguistic minorities and all the other things we know about that create such an interesting political mix for Canada, I think we shall have to consider whether the British system has outlived its usefulness. I mean the system of responsible government. I am not putting the Crown into the discussion. We can have the Crown in any event, no matter what we decide. We have to decide whether the system of responsible government, cabinet government, has outlived its usefulness and whether a reform—

Senator Frith: You mean "outlived" in the North American context?

Senator Murray: Yes, in the North American context, and, rather than considering the reform of one chamber and the grafting of an American institution onto the Canadian system, whether we ought not to reconsider the whole system while we are at it.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I just want to say on this point, because it is directly relevant, that about a year and a half ago I did some research on the broader question raised by Senator Murray, which, in answer to his invitation, I now may dust off and share with senators.

Senator Molgat: Was Senator Murray asking me a question?

Senator Murray: Yes.

Senator Molgat: I am delighted that Senator Murray has brought this matter up. In fact, I believe I said yesterday that I

hope that we can really get everyone involved in a major debate on this subject.

While I think there have to be some major reforms in the House of Commons, I focused my attention on the Senate because of the Beaudoin-Dobbie report which is due shortly. I would certainly be quite happy to extend the debate. I think that such a debate has to be held. I agree that it is better that it be held before we make major changes to this institution and then find that it does not work. That is why I think it is extremely important that the politicians—we in this chamber and those in the other place—be directly involved in the process. We know how it works.

Is the honourable senator suggesting that I add to my present resolution? If he has some wording to suggest, then I am prepared to look at it.

Senator Murray: I mean informally, in that I would be interested to hear the views of other senators who take part in this debate, not just on the question of an elected Senate and how that could be added to the British and Canadian systems but, given the regional nature of the country and so forth, their views as to whether we ought to consider having a separation of powers as between the executive and the legislature, as there is in the United States.

Hon. Jack Marshall: Honourable senators, I want to compliment Senator Molgat for raising the issue of the reform of the Senate.

He mentioned in his remarks that he would like to see a less partisan Senate, that we should stay away from caucuses and not be under the thumb of government.

• (1540)

In order to achieve that, has he thought of the Senate becoming independent?

Senator Molgat: Independent in what way, Senator Marshall?

Senator Marshall: Instead of an elected Senate. I do not see any point in having an elected Senate, because it would have the same fighting that goes on everywhere else.

Senator Molgat: Do you mean you would carry on with the appointed Senate and make an understanding that—

Senator Marshall: I do agree with the regional aspects and those types of things.

Senator Molgat: Yes, I think we could achieve that reform on our own. It would take a definite commitment from all of us. It would take a little while to get going. However, if we are not elected, Senator Marshall, I do not think we will have in the eyes of the Canadian public the legitimacy that we require. I repeat, election is not perfection, but at least it would give us that legitimacy which we presently lack.

So, yes, if there is to be no real Senate reform, no move to be elected, if for some reason the provinces and the federal government cannot agree to Senate reform, I think there are some reforms we can do ourselves. We could start. It might take a little while. We could start by agreeing that there will be no more caucuses. We will stay away from party caucuses and we start caucusing regionally. I think we could go further than that. If it does not happen, that would be better than nothing.

Senator Marshall: He refers in comments to the new Senate as if it is a fait accompli. Does he believe it is a fact now that there will be a new Senate?

Senator Molgat: Yes, I think the momentum is there within the country to make it happen. It has to get the agreement of the provinces and of the federal government, but, certainly, in the eyes of the Canadian public the momentum is there.

Senator Marshall: I agree with the Leader of the Government that he should enlarge the debate. I would like to see the debate enlarged to include the reform of the House of Commons. Every time there is a problem in the country, we are the ones who are no good; we do not do what we are supposed to or we are doing what we are not supposed to. Every time there is a problem in the country, the question arises: How do you correct it? You reform the Senate.

I think the debate should be enlarged to see whether part of the fault is in the Parliament itself and in the House of Commons. On that note, honourable senators, if no one else wishes to speak, I will adjourn the debate.

The Hon. the Speaker *pro tempore:* Senator Di Nino, do you have a question?

Hon. Consiglio Di Nino: My colleague Senator Kinsella wishes to ask a question and I will yield to him for a moment.

Hon. Noel A. Kinsella: Honourable senators, thank you. Senator Molgat, the question that I have relates to the principle of equity or equality. Have I understood you correctly to say that a modification of that principle, in terms of federalism and the argument for equal provincial representation, would be modified by a regional principle? If I am correct in understanding that as the general direction in which your thesis is going, then I am curious about how you would see this principle applied at the United Nations, where you have countries like China having one vote alongside Malta? Would you consider that that equity, or the proper application of that principle in that body, should be modified by global regionalism as well?

Senator Molgat: I do not think you can equate the United Nations to the situation we have in Canada. Remember that they have a Security Council which operates separately from the Assembly.

When we did this report—and my colleagues are here, I see Senator Tremblay who was one of the members—we deliberately looked at other countries—Germany, Australia, and various other countries where there are senates. We came to the conclusion that you cannot graft something from elsewhere into the Canadian system. We have a unique system and we have to tailor something that fits Canada. What works for the United Nations is interesting, but I do not think it is germane to our problem in Canada.

We have to face our country as it is. We need institutions that fit our particular country. Australia is not the same as Canada. Australia does not have a province of Quebec with a very distinct culture and language. It is a different thing from Canada, and you just cannot graft that. So the United Nations, I do not think, can give us an example of how we run our Canadian affairs.

The Hon. the Speaker *pro tempore:* It was moved by Senator Marshall, seconded by Senator Cochrane, that the debate be adjourned until tomorrow. It is your pleasure to adopt the motion?

Senator Frith: Honourable senators, Senator Marshall certainly moved a motion to adjourn the debate, but the impression I have is that he is quite happy to have that rest in suspense if there are questions that others want to ask of Senator Molgat. I think that was our feeling.

The Hon. the Speaker *pro tempore:* Honourable senators, the Chair is your servant. If you feel that the debate should continue, I am quite willing.

Senator Kinsella: Honourable senators, I have a supplementary question for the honourable Senator Molgat, focusing on the control of power. The Senate, in my thesis, serves as an important rein on the awesome power that can find itself in the other place. For 125 years, freedom and democracy have had pretty good currency under our system. I know theorists would argue that I would be accused of the *post hoc, ergo propter hoc* type of fallacy, if I said that it is because of the existence of the Senate that we have had this freedom. However, if we are going to change the system, I would like to have the argument clearly articulated that this new system will be as effective as the present system has been for 125 years in protecting freedom and democracy.

So my question is, when you, in the committee, reflected upon its study, did you look at that very particular dynamic—the institution of the Senate as a control on the power of the state?

Senator Molgat: Yes, and our conclusion was that, while it had the power, it did not use the power. The Senate was reluctant to use the power it had, because, essentially, we were democrats. I think most of us felt that the House of Commons, in the final analysis being the elected body, had to have the final say. We were reluctant to use the power we had. So there was a feeling in the country that the Senate was not fulfilling its original mandate, which was to provide that regional representation.

Let me give you the feeling of people in my province, for example. We elect 14 MPs with certain views as Westerners. They come here and they end up in a caucus dominated by Ontario and Quebec. Regardless of what they think—and sometimes what they said before they came here—they have to vote the party line in the House of Commons. There is that frustration that builds up in Westerners, saying the House of Commons does not do the job for them. They send people down here and it is Ontario and Quebec who make all the decisions. That is why there is that push for another house which will represent the region in an adequate manner.

Yes, we did look at that very much, while we looked at other responsibilities for the Senate. By the way, I am one who believes that the Senate is far better than the public's impression of it, and certainly far better than the media says it is. Still, it is not as good as it ought to be. We can do a lot of things better than we are doing.

• (1550

Having said that, we looked at these other responsibilities, but we believe that in the final analysis the key responsibility of the Senate, the key reason for its being, was regional representation and provision of what the House of Commons cannot provide because of its essential basis of rep. by pop.

Hon. Edward M. Lawson: I have a question for Senator Molgat. First, let me congratulate him for bringing the matter forward in a very forthright and articulate manner. I also want to congratulate Senator Murray for raising the point I want to deal with, which I think is the critical focus of the question.

Many people lobby me and say that I must support an elected Senate. I ask if they want the American system and they say that they want nothing to do with the American system. I ask what they do want and they say they want to have an elected Senate with equal powers to those of the House of Commons. I tell them that that is the American system. They say no.

Obviously, there is a huge misunderstanding. I agree with what Senator Murray says. I do not think any government has the authority to restructure and change our whole system of government, which is what is being proposed.

Would you support a referendum of the Canadian people in which we would illustrate to them what we are talking about and simply ask if they are in favour of changing our whole system of government away from the British system and adopting the American system, which is a restructured House of Commons and an elected Senate with equal powers. Would you support such a referendum?

Senator Molgat: Senator Lawson, I would have to give that a little thought. It is a question of how much information the public has on the functioning of the present system. I am afraid that, because of the power of TV, many Canadians think the American system is marvellous. There are great holes in the American system. There are immense problems in how they function. I do not think you could put the question that simply. You would have to have a very large educational program.

I would prefer to approach the question in another way. We should go further than what I am talking about and follow Senator Murray's idea of having a reform of the whole system. We should design something and then ask the Canadian public if they like that design. I would be prepared to do that. If we simply ask whether they want the American system or the Canadian, because of TV, because they are unhappy with our system right now, many of them would say yes, let us go to the American system, without knowing where it would lead us. I

would prefer that we design something that suits our system, then put the question.

Hon. Colin Kenny: I have a question for Senator Molgat. I, too, like the way Senator Murray enlarged the issue earlier because I think it is very much to the point. I first want to ask Senator Molgat about appointed versus elected. He made the point that you cannot have legitimacy in the system unless you are elected, yet we have a lot of institutions in the system that are appointed and function well. Surely the test is not whether we are appointed or elected; surely the test is the product. It is the work that the institution does and whether it addresses issues in a serious and effective way.

Perhaps you would like to respond to that first question and I will come back with a second one.

Senator Molgat: I agree that election does not cure all the problems. You say there are other bodies that are appointed. Yes, judges are appointed and our judicial system has the respect of Canadians, yet it is just as political as ours. I know a large number of judges and most of them did not come from an innocent political background. Most of them have come from party involvement. Yet, when they become judges, they perform well. They divorce themselves totally from party and are accepted by the media and the public. The Canadian judicial system has legitimacy. However, it is not involved in the political process. It is not involved, as is the House of Commons, in making laws and in the political process.

Here is where I think the appointed system fails. We are an appointed body in the position of contradicting a popular, elected house, and that is what I think the public will not accept. I do not think that the appointment system can give us that legitimacy, because of our dealings with the House of Commons and laws.

Senator Kenny: Further on this point, surely the beauty of a place like this is that there are a lot of people here who probably would not be here if the process was to have elections. They bring things to the system that it would not otherwise get. There are elements of balance and skills. I look around the room and see some people here who bring a lot to the place, but I have real doubts about their electibility. That does not mean that they are not making a contribution to the system.

There is something to be said for a rolling average of people who are here over a period of time. If you look at the demographics of the Senate and the membership in the Senate, it is sort of a weighted average of the views of the last three or four governments. It may retard the system a little bit, but how do you trade that off against the election where you take what comes? We already have a house where you take what comes. Do you not see this as a place that complements the House of Commons?

Senator Molgat: Yes, undoubtedly the appointment system permits you to appoint, as you say, people from various walks of life which the elected system will not necessarily do. So it is a value judgment. Are the benefits that appointment brings in that respect worth more than the benefits of the legitimacy that election brings? Because we are dealing with a House of Commons elected by rep. by pop. and we have the final say as to whether or not to accept their legislation, I think legitimacy is more important. I think that, in the final analysis, the Canadian public will not accept that this appointed house should be able to contradict an elected house.

Senator Kenny: The second issue I wanted to raise, honourable senators, relates to the caucus and the party system. We tend to sell short the party system and the caucus system in Canada. A good argument can be made that Canada has developed pretty well because it has had vigorous parties. The parties have proven to be bridges serving to educate the members on the different interests across the country.

Frankly, I think that is the same role that caucuses perform. I have had experience in only one caucus, but I suspect all caucuses work that way. They serve to educate us to different views. They give us an opportunity to come to the debate with a better understanding of the differences between the regions. I always have difficulty with people who say that party discipline is detrimental. From my perspective, the party approach is what gives us an opportunity to come to a much better understanding of the country.

How do we deal with having a house without party discipline?

Senator Molgat: Senator Kenny, I am an admirer of the party system. The party system is an essential element in a British parliamentary system. I do not know how you could operate a British Parliamentary system without parties. Parties, in the long run, have done a great service to Canada. They are probably the greatest equalizer. The understanding between various parts of the country comes about, by and large, through parties. So the parties have a great role to play, and in the House of Commons the parties should remain predominant.

However, I think that the second chamber ought to be totally different from the House of Commons. If it is to properly perform its function, it should be an entirely different house.

• (1600)

In this house, we could operate without parties. The House of Commons continues. The parties are there. They have their role; our house could be different. We would look at issues in a different way than the partisan way. We would look at them from a purely regional stance. That is why we should be as removed as we can from the party. I am not opposed to parties, but this house should be different. When judges are appointed, they cease any political activity. I see no reason why we could not be elected to this house. That is why I want a system where the parties have as little say as possible in the election process; that it is as divorced as it can be.

Once we are here, we would then operate on a regional basis. You would have to sit with the senators from Ontario, whether you agree with them or not, but you would have to hammer out in the final analysis what is good for Ontario.

There might be groupings; we cannot stop that, but the Senate chamber should be far removed from the regular party system.

[*Translation*]

Hon. Roch Bolduc: I have a question for Senator Molgat.

Elections cost money. Someone has to pay to get elected! Who will pay for the elections? Will they be financed by the public or by political parties? If they are financed by the political parties, will the unifying forces of the parties not resurface? I have trouble understanding that on one hand, you say that senators will be impartial and independent and so on and that at the same time they will represent regional interests. Where is the common interest in that?

Senator Molgat: Senator Bolduc, you asked me several questions!

Senator Bolduc: Two, Senator Molgat.

Senator Molgat: I will begin with the one on election expenses. That is why I said at the beginning that we needed very, very tight control on election expenses to ensure the candidates' independence.

I would see that happening with candidates doing their own fund-raising and benefiting from tax advantages; they could raise funds subject to very strict spending limits. That is what I propose for that.

Now, for your second question—

Senator Bolduc: If you allow me—Political parties would not intervene then in financing the election of candidates?

Senator Molgat: I would hope to limit the role of parties as much as possible.

Nevertheless, I am realistic and I admit that political parties would probably try to be involved. But which a very strict spending limit, I think we could reduce the impact of parties. I do not think it will disappear completely.

Now what was your second question?

Senator Bolduc: My second question concerned the national interest.

Senator Molgat: Well, the House of Commons would still be there to look after the national interest. You know, under my proposal, the Senate would not have absolute control. I admit that we would need a system. I no longer accept the system of merely suspending legislation for six or nine months. That does not work.

I would suggest another system. In case of disagreement between the two Houses, for example if a bill was rejected twice by the Senate, both Houses would have to vote together on it. We would have to have a system to eliminate conflict in the end. The final decision would be taken by both Houses.

In another speech in the Senate, I suggested that this final vote could be secret. I know that secret votes are not popular in legislative assemblies, but you know there is a precedent for secret votes in the House of Commons, which now elects the Speaker in that way. It is not so new.

[Senator Molgat.]

A secret vote might be considered. Both Houses would meet together—

Hon. Royce Frith (Leader of the Opposition): Only in the case of a joint session.

Senator Molgat: Yes, only in the case of a joint session and only if there was conflict between the two Houses. Take the GST. It may be too recent and we may be too close to the emotion of that debate but let us consider it anyway.

Had we been unable to resolve the matter here in the Senate, we could have had a meeting with the House of Commons and held a secret vote.

I bet that in that case the GST would not have passed!

Senator Bolduc: Well, if we do that, we are not operating under a parliamentary system. It would be almost like the American system.

Senator Molgat: Not quite. Since the House of Commons has 195 members and the Senate would have substantially fewer members, there would be a balance. I am suggesting this system, but there are many others.

My point is that we would need a system under which the government is able to govern. That is one of the problems the Americans have, as far as I am concerned. They have practically reached the point where it is practically impossible to govern. Everything takes far too long. I don't think we would want to go that route. We need a parliamentary system so that we can get things done.

[*English*]

Hon. Stanley Haidasz: Honourable senators, I wish to ask Senator Molgat whether, in his model of a reformed Senate, there will be a place for Aboriginal peoples, women and other minorities?

Senator Molgat: Once you go to an elected system, it is very difficult to make room for those groups. I did mention, Senator Haidasz, and perhaps you did not hear me, that I do not know how we could accommodate the the gender group. Perhaps someone has some ideas on that. Maybe in the course of this debate someone will come forward with an idea. However, I am not sure how that could be done. In principle, I agree that we have every right to have an equality of males and females in this place, but I do not know how we would accomplish that.

Senator Haidasz: What about 50-50?

Senator Molgat: I do not know how we would accomplish that.

With respect to the aboriginal question, I did indicate that if we went to single-member constituencies, we could tailor constituencies that would represent a series of Aboriginal settlements, perhaps not in a continuous geographical sense but that is not the end of the world. You could say that all reserves or native settlements would form one constituency, and the likelihood, then, is that there would be an Aboriginal member elected.

Senator Haidasz: As far as Aboriginal peoples are concerned, does the senator agree that that term also embraces the Métis people of Canada?

Senator Molgat: Not where the Métis people live in an urban setting. In that setting, they become part of an overall mass, which would be very difficult to sort out. It would not work completely in that regard. However, in very many parts of the country, the Métis people are living in isolated settlements as well. Surrounding every reserve in my province is a large Métis settlement on the outside of the reserve. Those could be included, because they would be a geographical unit in such a constituency. Once they move into a large centre, then the process becomes very difficult. I would be loathe, frankly, to classify people by what they are; in other words, have them go to a voting booth with a certificate to vote and say, "I vote as a Métis." I think that would not be a good system. Geographically, however, it could be made to work.

Hon. Mira Spivak: Senator Molgat, I am struck by your encouragement and your invitation for parliamentarians with long experience to get involved in this debate. I imagine you are saying that because these are the people who have actually lived the system.

I happen to agree with Senator Murray in that in revising the Senate, you are looking at changing to a greater or lesser degree the system of responsible and representative government. There seems to be some view that that is passé. I do not hold that view. Perhaps moving to a system which is closer to the American system in which there is a concentration of power in a single person is not the answer. In other words, the division of powers in the United States is no longer equal, and there is not an equal division, since more and more power has accrued to the presidency, particularly in respect to the ability to appoint judges.

My question to you is this: I think that there is acceptance of a different method, namely, a democratic method of electing senators. There is, in the country, a rejection of the method of selection.

• (1610)

That has been well assimilated. But in terms of the other two aspects—that is, the powers of the Senate and the number of senators, which are even more important in terms of overriding the elected house—you say that we cannot legitimately reject the ability of the government to govern because we are not elected. Think what would happen in an elected Senate with powers.

What is your view of the timetable? I think that people in the country are just beginning to examine the questions. It is very difficult to look at a whole system of government versus another system of government. People are just beginning to grapple with the question of equality—that is, the numbers—and the question of powers and the impact of these things. These are not simple matters. They have considered the essential matter of election, but they have not considered the other two points enough.

Do you think we have enough time as parliamentarians? The debate has been stimulated very well by the conferences. That is one of the best things that have occurred, but do you think we, as parliamentarians, have enough time to give them some idea of how to involve people in the complexity of that?

Mention was made here of a referendum. What a nightmare. Can you imagine a question that would adequately put to the people some sort of choice in terms of the whole system of government? I cannot at the moment. I hope there are wiser people than I am. What is your view of the timetable?

Senator Molgat: Thank you, Senator Spivak. The timetable is very tight, I agree. This is not an easy situation to resolve. I am sure you know that in 1867 the Fathers of Confederation spent more time on the question of the Senate than they did on anything else. That is the single issue that took up most of their debate. So it is not an easy question. We have been talking about it ever since. As early as 1868 there were members of the House of Commons speaking about Senate reform—the year after it was formed! And there were calls to have it elected then. So the timing is tight.

What are we to do? That is why I wanted this debate to be held.

I am delighted that there are so many questions. I hope that all of the questioners will become involved in the debate and come forward with their ideas, because the Dobbie-Beaudoin report will be presented shortly. So it is tight, but it would be better to get some ideas out on the table than to say later that we should have. That is why I am happy to have the debate.

On your first point about the power of the President of the United States, I am one who believes that the power of the Prime Minister of Canada, when he has a majority in the House of Commons, is greater than the power of the President of the United States. That is part of our problem in Canada, and it is part of the reason why people want Senate reform. They have come to realize that when we elect a majority government we elect a dictator for four or five years. The Prime Minister appoints all the ministers, all the deputy ministers, all the parliamentary secretaries, all the heads of committees, and on and on.

Senator Frith: And the senators.

Senator Molgat: Yes, and all the senators. The people who do that are the people behind him, namely, the PCO and the PMO. Those hidden people in the back rooms are the ones who control the system.

An Hon. Senator: Created by Trudeau.

Senator Molgat: It does not matter which Prime Minister it is. You note that I did not say any Prime Minister. Any Canadian Prime Minister with a majority is in that capacity.

Hon. Jean-Maurice Simard: Senator Kenny was one of them.

Senator Molgat: That is why we must have that reformed Senate as a control measure or some way of holding back that immense power of the executive.

We should make those reforms to ensure that there is more democracy. That is the problem right now. Canadians sense that they have no control over the system, and they want it.

Senator Spivak: I do not want to prolong this. I will yield to Senator Di Nino. We will get into another debate later.

Hon. Consiglio Di Nino: First, I wish to congratulate Senator Molgat on his initiative. I welcome the opportunity to participate in this debate even though I am not one of those long-standing parliamentarians. I believe that the issue is very complex and probably as crucial as any of the other issues that the committee on constitutional reform is dealing with.

I want to take a moment to address the point that Senator Molgat made a moment ago. In saying it I should like to assure Senator Molgat that—at least from the information that I have been able to receive and all of the reports that I have read, including the report on Senate reform which he co-authored—I am delighted that he is participating in this debate. We can sit here and ask him questions all night. I intended to participate and make some comments of my own until I understood that there was a motion for adjournment. I should like to hear more of the positions and opinions of a lot more of our colleagues as opposed to peppering Senator Molgat with questions. I have a dozen of my own that I can think of immediately.

Perhaps I am out of order, but this debate is a crucial and very worthwhile exercise, and one that I welcome. We should encourage this as a debate as opposed to a question period for Senator Molgat.

Hon. John B. Stewart: In his remarks, Senator Molgat emphasized the need for a chamber in which the eastern and western regions would be able to exercise a moderating influence, a wise influence on Ontario and Quebec here in Ottawa. I ask him if by emphasizing the need for stronger regional representation we get to the root of the current problem?

I was encouraged by what Senator Molgat said in response to Senator Spivak because in that response he said that part of the problem is what goes on in the other end of this building. But not all of the problem resides in the House of Commons. Our political parties hold leadership conventions at which persons, most of whom are not practising politicians, select a party leader. We then have a general election. What really happens is that on the night of the general election— provided that the election does not produce a minority—the members of the House of Commons serve as a college of electors, much like the college of electors in the U.S.A. Once the election is over and the result has been counted, for the most part—unless there is a great revolution in the government caucus—the crucial decision has been made. As Senator Molgat has said, the power has been lodged by these two decisions—one made by a party convention and the other made on election day. Thereafter the power to govern has been lodged in the Prime Minister, or perhaps in those who act as his surrogates or write his policy speeches.

[Senator Molgat.]

• (1620)

The current cry for a more powerful Senate is not so much, at least in my part of the country, a complaint against the domination of Canada by Quebec and Ontario as it is a complaint about the processes by which we lodge power in one person or a small group of people. It seems to me, as I watch the reformation of our constitution, that we are likely to end up with a major constitutional revolution. We may have an elected Senate, and this elected Senate may be extremely powerful. It will also be outside the discipline of parties. It is very nice to be told that the Senate has been doing a good job and, "We want you to be more legitimate so you can do it even better in the future"; however, I wonder if thought is being given to what the consequences may be.

Having laid the foundation at length, the question I want to address to Senator Molgat is this: Does he think we ought to explain the zeal for an elected Senate chiefly as a desire for better regional representation from the west and from Atlantic Canada vis-a-vis Quebec and Ontario or does he think, as he implied in his answer to Senator Spivak, that, perhaps not in Alberta, but in some parts of the country, the strong demand for an elected and powerful Senate is based on defects in how we select our party leaders and the way we lodge almost unlimited legislative and executive power in them as the the House of Commons now operates?

Senator Molgat: Having dealt with my colleague and friend Senator Stewart on a number of occasions, I always fear it when he sets up the preamble he is going to entrap me with. My short answer is "both". I think there is in my part of the country a longstanding frustration at the domination by Ontario and Quebec and also a view that the government is controlled by Ontario and Quebec and that it is not functioning. So it is both questions.

However, I think it also goes a bit further than that; it is a desire for some check on the bureaucracy, the feeling that cabinet is in a way being run by the bureaucracy, that the members of the House of Commons really do not have very much say, that they are faced with a fait accompli and vote for it because that is the party line.

There is, I think, an immense frustration in those backbenchers. In fact this report, put together by a committee that had on it a majority of backbenchers from the House of Commons, was accepted by them because of their frustration with the House of Commons.

If you go to an elected Senate it will use its power. That power will come from somewhere. There is only so much power, like land. If you give this body more power you will take it away from someone. The first place you will take it away from is the cabinet. Yes, it is a mix; frustration with the House of Commons, frustration with the power of cabinet and the failure of the House to be able to control it and frustration that the process is dominated by two big provinces.

On motion of Senator Marshall, debate adjourned.

FOREIGN AFFAIRS

PROPOSED CANADIAN AID TO SOVIET UNION AND CURRENT CONSTITUENT REPUBLICS—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to proposed Canadian aid to the Soviet Union and its current constituent Republics.—(*Honourable Senator Bosa*).

Hon. Peter Bosa: Honourable senators, I adjourned this inquiry to provide an opportunity for other members to take part in this debate. Since no one has come forward I wish to withdraw my name from the order.

The Hon. the Speaker *pro tempore:* The order is considered debated.

VIOLENCE AGAINST WOMEN IN CANADIAN SOCIETY

ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith, calling the attention of the Senate to the violence against women in Canadian society and the desirability of investigation of the subject by a Senate Committee.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, tomorrow there will be a 14 there and I guess next week there will be a 15. Again I shall take the position that that order ought not to drop off the order paper. The rule provides that it drop off if it has been dealt with, but this has been dealt with by a speech that I gave and a subsequent adjournment. However, I will elaborate when the occasion arises.

Order stands.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Alisdair B. Graham moved, seconded by the honourable Senator Molgat:

That the Standing Senate Committee on Transport and Communications have power to sit a 4 o'clock in the afternoon on Thursday, 13th February, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

CONTENTS

Wednesday, February 12, 1992

PAGE

SENATORS' STATEMENTS

The Senate
Senators' Refreshments—Government Policy. Senator Gigantès ... 877

Veterans Affairs
Proposed War Memorial—Government Policy. Senator Marshall ... 877

The Late Mary Elizabeth Kinnear
Tributes. Senator Marsden ... 877
Senator Phillips ... 878

Private Bill
Royal Society of Canada—Bill to Amend Act to Incorporate—First Reading. Senator Tremblay ... 878

Foreign Affairs
Notice of Motion to Authorize Committee to Meet During Sitting of the Senate. Senator Stewart ... 879

Goods and Services Tax
Presentation of Petitions. Senator Frith ... 879
Senator Hébert ... 879

The Senate
Delay in Production of Debates—Question of Privilege. Senator Frith ... 879

QUESTION PERIOD

Canada-United States Free Trade
Measures to Limit Benefits of Cross-Border Shopping—Government Policy. Senator Frith ... 879
Senator Murray ... 880

The Economy
Effects of Free Trade—Government Forecasts. Senator Thériault ... 881
Senator Murray ... 881

Official Languages
Effects of Statement by Mr. John Crispo—Government Position. Senator Gigantès ... 882
Senator Murray ... 882

PAGE

General Agreement on Tariffs and Trade
Possible Elimination of Article XI—Impact on Farming Community—Government Position. Senator Bosa ... 883
Senator Murray ... 883
Senator Gigantès ... 883
Senator Frith ... 883

Canada-France Fisheries and Boundaries Agreement
St. Pierre and Miquelon—Status of Arbitration on Territorial Seas. Senator Stewart ... 884
Senator Murray ... 884

Rules of the Senate
Proposal for Review by Rules Committee. Senator Frith ... 884
Senator Murray ... 884

Internal Economy, Budgets and Administration
Sixth Report of Committee Adopted. Senator Lavoie-Roux ... 884

Senate Reform
Motion to Approve the Principle of an Elected Senate—Debate Continued. Senator Molgat ... 885
Senator Murray ... 888
Senator Frith ... 888
Senator Marshall ... 889
Senator Kinsella ... 889
Senator Lawson ... 890
Senator Kenny ... 891
Senator Bolduc ... 892
Senator Haidasz ... 892
Senator Spivak ... 893
Senator Simard ... 893
Senator Di Nino ... 894
Senator Stewart ... 894

Foreign Affairs
Proposed Canadian Aid to Soviet Union and Current Constituent Republics—Debate Concluded. Senator Bosa ... 895

Violence Against Women in Canadian Society
Order Stands. Senator Frith ... 895

Transport and Communications
Committee Authorized to Meet During Sitting of the Senate. Senator Graham ... 895

THE SENATE

Thursday, February 13, 1992

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

Prayers.

CANADA PENSION PLAN ACT

BILL TO AMEND—SECOND READING—SPEAKER'S RULING ON THE ADMISSIBILITY OF BILL C-280

On the Order:

> Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Di Nino, for the second reading of Bill C-280, An Act to amend the Canada Pension Plan Act (disability pension).—(Speaker's Ruling).

The Hon. the Speaker: Honourable senators, last December I was asked to rule on the admissibility of Bill C-280 and specifically whether this bill requires a royal recommendation. The Chair appreciates that Bill C-280 did not originate in the Senate but was sent up to us from the House of Commons. The Chair also notes that the bill is not a government bill. It is instead a private member's public bill, introduced in the Commons by the Honourable Member for Don Valley East (Mr. Redway) and sponsored in this place by the Honourable Senator Atkins. The procedural question before the Chair is whether Bill C-280 contravenes Senate rule 82, which states:

> The Senate shall not proceed upon a bill appropriating public money that has not within the knowledge of the Senate been recommended by the Queen's representative.

[*Translation*]

As hon. senators know, since I became Speaker of the Senate, I have always tried to ensure that all bills and amendments proposed here conform to the provisions of Rule 82 and also to protect the financial initiative of the Crown. More recently, I ruled Bill S-5 out of order because it infringed on the financial initiative of the Crown. That important and eagerly awaited bill on merchant seamen's pensions was sponsored by Senator Marshall. There should not be a double standard on this matter. There should be only one rule and it should apply equally to all bills and amendments presented in the Senate as well as to all those that come to us from the other place.

Honourable senators, I have carefully examined Bill C-280 and, although it deals with a very serious problem concerning the administration of the Canada Pension Plan, I must, for procedural reasons, rule it inadmissible in this House.

[*English*]

Bill C-280 proposes to change the limitation period for the Canada Pension Plan disability pension for someone who has not reached the age of 65. The bill modifies the present eligibility or qualification criteria that require a disabled CPP contributor to meet minimum contributory requirements. The Chair is aware that subsection 108(4) of the Canada Pension Plan states that "No payment shall be made out of the Consolidated Revenue Fund under this section in excess of the amount of the balance to the credit of the Canada Pension Plan account.

As I understand, pursuant to this provision, the federal government is not necessarily obliged to provide the CPP with funding. The problem is, however, that all funds relating to the Canada Pension Plan are placed within the Consolidated Revenue Fund. I refer honourable senators to subsections 108(1), (2) and (3) of the parent Act. Citations 599 and 600 of *Beauchesne's Sixth edition* imply that charges upon the Consolidated Revenue Fund require the use of a royal recommendation.

Citation 599(2) states:

> (2) In like manner, after the question has been proposed on an amendment, and it has appeared that the amendment would vary the incidence of taxation or increase the charge upon the Consolidated Revenue Fund, the Speaker has declined to put the question.

Citation 600 states:

> The principle that the sanction of the Crown must be given to *every grant of money drawn for the public revenue* applies equally to the taxation levied to provide that revenue.

In the opinion of the Chair, Bill C-280 is in violation of citation 596 of *Beauchesne's Sixth edition*, which states:

> The guiding principle in determining the effect of an amendment upon the financial initiative of the Crown is that the communication, to which the Royal Recommendation is attached, must be treated as laying down once for all—unless withdrawn and replaced—not only the amount of the charge, but also its objects, purposes, conditions and qualifications. In relation to the standard thereby fixed, an amendment infringes the financial initiative of the Crown, not only if it increases the amount, but also if it extends the objects and purposes, or relaxes the conditions and qualifications expressed in the communication by which the Crown has demanded or recommended a charge.

Bill C-280 also contravenes Erskine May's Twenty-First Edition, page 715, which states that, when a bill contains provisions extending the purposes of expenditure already authorized by statute, such provisions may require the Queen's recommendation.

The bill also goes against the guidelines used by the Department of Justice regarding the requirement of the royal recommendation, which was tabled before our National Finance Committee on November 11, 1989. Those guidelines state that provisions extending or altering the purposes of a previously authorized expenditure, and which provide for regular charges to be paid out of the Consolidated Revenue Fund, require the recommendation of His Excellency.

[*Translation*]

Private members' bills to amend legislation on public pension plans have always faced difficulties. In this regard, I refer hon. senators to the decision rendered in the current session on Bill S-5, sponsored by Senator Marshall, as well as to the decision rendered in the other place on April 20, 1970 concerning Bill C-34, an Act to amend the Canada Pension Plan (Pension Index), sponsored by Senator MacQuarrie when he was a member of the other place. I would like to read to you the following passage taken from the *Selected Decisions of Speaker Lucien Lamoureux, 1966-1977*, p. 423:

> Context: During private members' hour, the Deputy Speaker questioned the acceptability of allowing the second reading of Bill C-34, an Act to amend the Canada Pension Plan (Pension Index), standing in the name of Mr. MacQuarrie (Hillsborough). The Deputy Speaker expressed concern that the bill contained financial provisions that seemed to be in conflict with the Standing Orders related to imposing a charge or impost, and did not have the necessary Royal Recommendation. The Chair invited comments from members. Mr. MacQuarrie maintained that the pension plan was not funded by public revenue, but from the contributions of "the would-be pension recipients".
>
> Issue: Can a private member's bill that appropriates a part of the revenue obtained by way of an impost be read a second time if it does not have a Royal Recommendation?
>
> Decision: No. A Royal Recommendation is an indispensable requirement in such cases.
>
> Reasons given by the Deputy Speaker: Although the Standing Order refers specifically to imposts, without defining what these might be, it is clear that the rules and practices of the House concerning money bills present an insuperable barrier to the proposed bill.

This same "insuperable barrier" arises against Bill C-280, in the same way as it did with Bill S-5. It is not for me to say why this question was not raised in the House of Commons. I will simply add that Bill C-280 was approved on second reading, in Committee of the Whole, and on third reading all in one day, November 26. By refusing to examine Bill C-280, the Senate may perhaps fulfil the role which it is called upon to play of examining legislation that is rushed through the other place.

● (1410)

I would therefore rule that the order for second reading of Bill C-280 be discharged, that the Bill be withdrawn from this House and that a Message be sent to the House of Commons informing them that the Senate declines to proceed with the consideration of this Bill as it contravenes Rule 82 of the *Rules of the Senate*.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, further to what we mentioned yesterday about the Senate rules, I want to make a brief comment on the rights of the Speaker. I do not quarrel with the application that he has given to rule 82, although when I raised this question, I did not ask for a ruling. I simply drew the attention of the Senate to the implications of examining, as we do under rule 82, the propriety of a proceeding essentially taking place in the other house. I find it a bit uncomfortable and not consistent with basic parliamentary principals and traditions that the speaker of one house is, in effect, making a ruling that questions and, in fact, overrules a proceeding taking place in the other house.

It has happened to us in reverse at some point. Recently, Speaker Fraser in the other house made a ruling about a proceeding that was taking place in the Senate, and we received what I found to be a rather rude message telling us that we were not proceeding properly. I must say I did not feel it was appropriate for the Speaker of the House of Commons to be telling us so. Now our speaker is, in effect, telling them the same thing, although his foundation for doing so is well in rule 82.

Therefore, because I hope we can discourage this sort of thing from happening on both sides, perhaps pursuant to what was raised yesterday our Rules Committee could have a look at rule 82, look at its background, and decide whether or not we want to find a remedy. We are now telling the House of Commons that they have allowed a bill to proceed in the House of Commons that they ought not to have, and that the speaker over there perhaps should have, to quote from the ruling, declined to have put the question. It tends to put our speaker in the position of being a court of appeal from the other side. Perhaps our Rules Committee will have a look at Rule 82 in the context that I have just mentioned and see if there is some way that we can avoid what I consider to be the undesirable result of a Speaker of the Senate making a ruling on the propriety of procedures in the House of Commons, or vice versa.

BUSINESS OF THE SENATE

The Hon. the Speaker: Honourable senators, before we proceed to Senators' Statements, with respect to the late delivery of *Debates*, apparently the delay has been caused by an interfacing problem between the Secretary of State and the Printing Bureau. Our officials will be meeting with them to sort out the problem, and we will present a report and, I hope, solutions to the Senate next week.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wonder if that report would also enquire as to whether the *Hansard* in the House of Commons was delivered on time while ours was not on time. I would like

to know whether there is a difference in treatment for the two houses.

The Hon. the Speaker: We shall take note of that, senator.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Tuesday next, February 18, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

ASEAN INTER-PARLIAMENTARY ORGANIZATION

TWELFTH WORKING COMMITTEE AND GENERAL ASSEMBLY, BANGKOK, THAILAND—REPORT OF DELEGATION TABLED

Hon. James F. Kelleher: Honourable senators, I have the honour to table the report of the Joint Inter-Parliamentary Delegation which attended the Twelfth Working Committee and General Assembly of the ASEAN Inter-Parliamentary Organization held in Bangkok, Thailand, November 18 to 23, 1991.

CHRISTOPHER COLUMBUS

500TH ANNIVERSARY OF LANDING IN NEW WORLD—NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, I give notice that on February 26, 1992, I will draw the attention of the Senate to the 500th anniversary of the landing of Christopher Columbus in the New World.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have the duty—I was about to say the pleasure, but it is not really a pleasure—to remind honourable senators, and the government in particular, that the GST is not being willingly accepted by the people of Canada and that they still smart under its unfair burden.

I have some petitions today against the GST which ask for its repeal and, if it cannot be repealed, that an immediate election be held so that a new government can do something about it.

Hon. Lowell Murray (Leader of the Government): Do what about it?

[Senator Molgat.]

Senator Frith: I will tell you what, Senator Murray. The Leader of the Government in the Senate says, "Do what about it?" If we could exchange places so that a proper question could be asked of me as Leader of the Government in the Senate, then I would be glad to stand up and give a long answer.

Senator Murray: Mr. Chrétien has answered the question. He has said both yes and no.

Senator Frith: It must be replaced by a fairer tax, as I think, as private citizens, all members of the government side know. I do not find any of their names on these petitions, although I am sure some of them, given the freedom to do so, would sign them.

Today, I have the names of 853 Canadians who oppose this tax and who make the request to which I have referred. There are 40 petitions, one from Alberta with 24 names; six from New Brunswick with a total of 119 names; 11 from Ontario with 249 names; and 22 from Quebec with 461 names.

In the case of Alberta they come from Falher, Girouxville and Valleyview.

• (1420)

In the case of New Brunswick, they are from Campbellton, Fontaine Creek de Kent, Pointe-Sapin, Riviere du Portage, Riviere-Vert, Shippegan, St. François D'Assise, St. Louis de Kent; from Ontario: Fauquier, Kapuskasing, Ottawa, Toronto; and from Quebec: Blainville, Dollard des Ormeaux, Melbourne, Montréal, Montréal-Nord, Richmond, Sherbrooke, St. François D'Assise, St. Leonard, Ste. Dorothée, Val D'Or and Vimont

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I am sure that Senator Simard is anxious to hear, along with the other honourable senators, that 2,683 citizens from the Province of Ontario oppose the goods and services tax, in particular, as it applies to books and periodicals. This is a continuing concern for Senator Simard, Senator Chaput-Roland no doubt and many others like them who have suffered because of this tax on books, which is in fact a tax one's capacity for thought.

These petitions are mainly from Ottawa, Kitchener, Waterloo, Hamilton, Etobicoke, St. Catherines, Toronto, Thunder Bay, Scarborough and Burlington.

Honourable senators, I have the honour to present petitions signed by 602 citizens from the Province of Quebec who oppose the goods and services tax. These petitions are mainly from Arundel, Saint-Jovite, Montreal, Birnam, La-Valinière, Victoriaville, Warwick, Princeville, Saint-Hubert and Arthabaska.

Honourable senators, I also have the honour to present petitions signed by 921 citizens from the Province of Quebec who oppose the goods and services tax. These petitions are mainly from Charlesbourg, Beauport, Limoilou, Lauzon, Chicoutimi, Jonquière, Sept-Îles and Quebec city.

Finally, Honourable senators, I have the honour to present petitions signed by 1,200 citizens from the Province of Quebec who oppose the goods and services tax.

These petitions are mainly from Mascouche, Lachine, Montreal, Sept-Îles, Port-Cartier—a lovely resort area, and well-known with that—Laval, Chambly and Montreal.

QUESTION PERIOD

EMPLOYMENT AND IMMIGRATION

JOBS STRATEGY PROGRAM—EFFECT OF BUDGET CUTS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a couple of questions following on issues that were raised yesterday during Question Period. The first one is to ask the Leader of the Government in the Senate if he will draw certain subsequently learned precisions to the attention of his colleague, Mr. Vaillancourt, on the question of the budget cuts.

Senator Simard: Valcourt.

Senator Frith: Valcourt or Vaillancourt?

Senator Gigantès: Vaillancourt has resigned?

Senator Lynch-Staunton: What minister?

Senator Frith: The Minister of Employment and Immigration.

Senator Simard: Valcourt.

Senator Frith: Thank you very much; I will not forget the next time. I will never forget ol' what's his name, Valcourt. In any event, the Leader of the Government in the Senate offered yesterday to take up with him this question of budget cuts and training. The information I have now is perhaps a little more precise than I was able to give yesterday. The information is found in a story in the *Globe and Mail* today is that:

> . . . officials confirmed that Ottawa plans a $100-million cut in its $1.7-billion Canadian Jobs Strategy program in 1992-93, after a similar reduction in 1991-92 . . . .

● (1430)

> The jobs strategy program, intended for unemployed workers who do not receive unemployment insurance, pays community and other groups to train jobless and hard-to-place workers, many of them women, immigrants and young people.
>
> Depending on how the cuts are implemented, about 10,000 people could be affected, one government official said.

Honourable senators may remember that yesterday I found what I thought was an inconsistency in the position taken by the minister on this subject. I ask the Leader of the Government if he will draw that to his attention when he is asking him to respond to the questions raised yesterday.

CANADA-UNITED STATES FREE TRADE

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

Hon. Royce Frith (Leader of the Opposition): On the question of cross-border shopping, I mentioned yesterday that I had recalled that a minister of the Crown, whose name I do remember, Harvie Andre, had promised Canadians at the time of free trade that there would be great benefits to consumers in cross-border shopping from the Free Trade Agreement. I have now found the statement, so that in answering this question, too, perhaps the government can take it into account. The press release is marked NR-87-20 and is a statement from Calgary dated October 20, 1987. Please remember that the context is 1987. It says:

> Consumers are the big winners under a free-trade agreement with the United States, according to federal Consumer and Corporate Affairs Minister Harvie Andre.
>
> "Consumers win on three counts," Mr. Andre told the Canadian Association of Petroleum Landmen in Calgary yesterday. "Imported goods will be less expensive because of the removal of tariffs, quotas, and the like, all of which are expensive additions to the cost of products crossing the border."
>
> Mr. Andre said that about one-third of the approximately $77 billion worth of imports from the United States in 1986 was subject to duty. Had the free trade agreement been in force last year, consumers would have paid $2 billion less for the products they purchased that originated in the United States.

Mr. Andre's successor, Mr. Jelinek—not his successor there, but his successor on the file—is now telling Canadians, although they took the hint instead of waiting for these duty-free goods to cross the border into Canadian stores, that Canadians should stop flocking across the border to shop in the United States.

My question is this: Does the government not feel any responsibility at all for the cross-border shopping problem now that Canadians are determined to save the billions of dollars that Mr. Andre promised them?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will take Mr. Andre's statement of 1987 and undertake to have it analyzed in the light of the performance of the Canadian economy since that date, especially the reduction in the rate of inflation, which has indeed saved Canadians many hundreds of millions of dollars.

The government did not put forward the argument about cross-border shopping as being the principal reason for the free trade agreement. There were and are, as I indicated to Senator Thériault the other day, reasons having to do with investment, expansion, growth, employment and inflation; in other words, the beneficial effects to the entire Canadian economy.

Hon. L. Norbert Thériault: It does not ring true.

Senator Murray: As I said yesterday, only about two years into an agreement that is to be phased in over 10 years, our

expectations have been proven to be correct. I will be glad to have an analysis made of the statement that Mr. Andre made in 1987 and see where we are, only two years into this ten-year agreement.

With regard to the first point raised by the honourable senator about training and the Canadian Jobs Strategy, the honourable senator will find, when the estimates for the Department of Employment and Immigration are brought in after the budget and before the beginning of the next fiscal year, that the government plans to spend more in fiscal 1992-93 than it did in fiscal 1991 on training and adjustment for those Canadians who need it.

Senator Frith: I will look forward to that, as will our National Finance Committee, I am sure.

CANADIAN MANUFACTURED HONDA CIVIC AUTOMOBILES—DISPUTE OVER NORTH AMERICAN CONTENT

The Hon. Royce Frith (Leader of the Opposition): My last question today concerns recent developments on the Honda plant in Ontario. It was in the mid-1980s that Honda built a $400 million auto plant in Alliston, Ontario. It employs 1,500 people and produces 105,000 Civics annually, 75 per cent of which are exported to the United States. Canadian regulators have determined that 66 per cent of the vehicles' content is North American; Honda claims a North American content of over 70 per cent.

The United States Customs Service has now ruled that these vehicles have less than 50 per cent North American content and are therefore subject to duty. If reports in the *New York Times* of last year are accurate, the U.S. government believes their North American content to be less than 40 per cent.

I ask the Leader of the Government about the FTA that the government negotiated. I hope, if I can say this parenthetically, that, although we hear many sources of blame for the predicament that this government has gotten us into, we do agree that the Liberal party, for whatever other sins the government likes to lay at its doorstep, did not support the FTA and did not support the GST.

Hon. Jean-Maurice Simard: Canadians will remember that, too.

Senator Frith: I am sure we will at some point see the Prime Minister with a chart, pointing out that the problems arising from the GST and the FTA originated with the Liberals. In any event, where now we have one party to the agreement saying that something is less than 40 per cent, the other party claims it is 66 per cent.

My question is this: How can the responsible minister justify an agreement that could lead to that sort of conflict in interpretation? The consequences to Canada are serious.

Hon. Lowell Murray (Leader of the Government): Honourable Senators, as I think the minister, Mr. Wilson, has pointed out, we disagree with the interpretation of the FTA on which the United States Customs Service audit is based. We have informed the United States government of our objections to these interpretations and to the process that was used in the audit. These objections have been conveyed to U.S. officials at bilateral meetings over the past month, including at the ministerial level. We have already launched an FTA dispute settlement proceeding on one ruling regarding non-mortgage interest. We will pursue, just as vigorously, any other interpretations of the FTA rules of origin that we find incorrect.

[Senator Murray.]

THE ENVIRONMENT

EFFECTS AND MONITORING OF DEPLETION OF OZONE LAYER—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, very recently, the Minister of the Environment made some alarming statements about the ozone layer. He was warning Canadians about the dire effects which we can expect. He went so far as to recommend to Canadian parents that they should not let their children play outside in the sun.

In light of that very serious situation, could the minister inform us what the plans of the government are with respect to monitoring this ozone layer?

• (1440)

It is my understanding that the government has plans to close some of the weather stations in the North. I think, in particular, of Mould Bay, which I understand may be on the list for closings. In view of the urgency and the seriousness indicated by Minister Charest, I am surprised that there would be any reduction in the monitoring of this situation.

Although the Leader of the Government may not have the information right at hand, perhaps he can find out for us whether Mould Bay, or any other weather station in the North, is slated to be closed?

POSSIBLE REACTIVATION OF DISUSED ROCKET STATION FOR MONITORING OF OZONE LAYER

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): A second question involves a rocket station which has existed at Churchill in Manitoba. It was used some years ago for atmospheric work and was closed down by the government. At the moment there is absolutely no action there. Is the government considering reactivating that rocket station to provide us with monitoring of this ozone question?

Hon. Lowell Murray (Leader of the Government): I shall ask my cabinet colleague Mr. Charest for a reply to the specific questions put by the honourable senator.

WESTERN SAHARA

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

Hon. Lorna Marsden: Honourable senators, I gave notice to the Leader of the Government's office that I would ask a question this week following up on a question late last year on

the events taking place in the western Sahara. As honourable senators know, Canada has the largest number of peacekeeping troops in that area, attempting to monitor the peace plan established by the U.N. I would like to ask the Leader of the Government if he has an update on that situation and, particularly, if he knows the role that the Moroccans are playing in the attempt to bring forward a referendum?

I might just add that I asked the foreign news desks of our leading newspapers over the break. Several of them reported that they can no longer afford to have coverage there. I think that may account for the lack of coverage in our newspapers.

Hon. Lowell Murray (Leader of the Government): I do not know that I can or should comment on the responsibility or the role played by the Moroccan authorities in the present situation. I can only describe the present situation as it has been reported to me, namely that the ceasefire is holding, but that efforts to organize a referendum seem to have stalled. This is why we in Canada have only 36 military personnel monitoring the ceasefire with the U.N. mission, including the military commander who is one of ours. There are another 700 waiting. We had committed a battalion to the operation but they will not be going in until the arrangements for the referendum have been completed.

Senator Marsden: Honourable senators, perhaps I could ask the Leader of the Government to continue monitoring that situation. It seems to me it is our obligation to try and let Canadians know what is going on there since no one else seems to be taking up that obligation. Perhaps we can do it in this way.

FOREIGN AFFAIRS

SRI LANKA—HUMAN RIGHTS ABUSES—CANADIAN ROLE

Hon. Lorna Marsden: May I also ask the Leader of the Government about the situation in Sri Lanka. A Canadian delegation, including some Parliamentarians, went to Sri Lanka recently and reported back on the extent of the human rights abuses in that country. They reported that, in their view, international intervention is needed to negotiate an end to the civil war.

I would like to ask the Leader what the government's response has been to that delegation, if there has been an official response? If there has not been, when might we anticipate such a response?

Hon. Lowell Murray (Leader of the Government): Honourable senators, with respect, I think the government is somewhat ahead of the Parliamentary delegation, not only in expressing our concern about the human rights situation in Sri Lanka, but in pressing the point in a variety of bilateral and multilateral fora.

At the third meeting of the U.N. General Assembly in November, we raised the matter. It was also raised at the previous aid consortium meeting in October 1990, and at the U.N. Commission on Human Rights in February, 1991. Again, we had intended to do so, and I think are doing so this month, at the U.N. Commission on Human Rights.

We also made a strong statement on the subject this month at the aid consortium meeting in Paris, stressing the importance of full respect for human rights in the context of economic development.

We continue to urge the Government of Sri Lanka at every opportunity to ensure respect and protection for human rights, to resolve the conflict in the northeast through negotiation and dialogue, and to acknowledge the legitimate aspirations of the Tamil community. The Minister of External Affairs states that there are some encouraging signals that Sri Lanka is prepared to address human rights concerns.

Senator Marsden: Honourable senators, I appreciate the response indicating the extent to which the Canadian government is pressing on human rights abuses. However, the fact of the matter remains that people are killed every single night by at least three major terrorist groups in that country.

On the question of international intervention, the Minister did not mention the role of the Commonwealth. Yet in conversations with Sri Lankans it becomes clear that the Commonwealth has played an important part in the development of their country and their Parliament. It is a familiar institution, and private citizens urge Commonwealth countries to get more directly involved.

I wonder if the government has any plans to play a leading role in a meeting of Commonwealth leaders, for example, to try through intervention in bringing that war to an end.

Senator Murray: It is an interesting suggestion, honourable senators, and I shall ask Mrs. McDougall to comment on it.

ENERGY, MINES AND RESOURCES

STATUS OF HIBERNIA PROJECT—GOVERNMENT POSITION

Hon. H. A. Olson: I would like to ask the Leader of the Government if he could give some indication on the future of the Hibernia project, not only for the senators but particularly for the oil companies and the employees of such who believed they were involved in a fairly longterm project. Yesterday, another major partner in the consortium expressed some concern as to whether it ought to stay in the project, since Gulf Resources announced they were withdrawing. Their share was approximately 25 per cent of the whole.

The other reason I am asking this question is for some clarification. The Minister of Energy, the Honourable Mr. Epp said last Wednesday that there was no question that the project would go ahead. Then he went to Newfoundland and said the government will not put in another penny. I think he said that the federal government are involved to the tune of $1.04 billion in grants and $1.6 billion in other loan guarantees, and that is sufficient.

Then yesterday the Minister said, I believe, that he had some apprehensions, or something close to that, that the project would probably not going to be on time and may not go ahead at all.

I wonder if the Minister could help some of those people who expected to have fairly longterm employment in developing this project by letting them know the position of the government on this matter.

Hon. Lowell Murray (Leader of the Government): Honourable senators, Mr. Epp, the Minister of Energy, Mines and Resources, said that there could be—not that there would be, but there could be—delays in this project as a result of the corporate decisions to which Senator Olson has just referred.

The figures quoted by Senator Olson are quite accurate.

• (1450)

The government has committed something over $1 billion in contributions and $1.66 billion, I think he said, in loan guarantees. We believe that the project is an attractive investment under the current fiscal regime. Having said that, I must acknowledge that all companies are now looking at their options, and we expect that more will be known after tomorrow's meeting in St. John's with the consortium members, the Minister of Energy Mr. Epp, and Premier Wells.

Senator Olson: I appreciate that reply because this project is extremely important, primarily to Newfoundlanders, but to other people involved as well, in fact to a lot of people in the oil patch, as it is called in Alberta.

Perhaps the minister could help us to understand the difficulty with the other partners. Does it depend on some change in the international price of oil? If that is the problem I suppose the decision will be made in Geneva, or wherever the OPEC ministers are meeting right now, because there will soon be another announcement from them as to whether they intend to take some action with respect to production volumes that would have an effect on the price. On the other hand, perhaps there is some other reason why the four partners that are left are having some apprehension as to whether they, too, intend to stay in the project at this time.

Senator Murray: Honourable senators, the companies would have to speak for themselves, of course. I cannot do that. As far as the effect of recent fluctuations in the price of oil are concerned, I do note, however, that Gulf had been trying for over a year to sell its 25 per cent share in the project.

Senator Olson: The minister is saying that the companies have to speak for themselves. I do not believe I will have an opportunity to ask any questions of them. At least, I will not have as potent an opportunity as the minister, and particularly his colleague, the Minister of Energy. However, it seems to me that these people, who have a very important vested interest in whether this project goes ahead, ought to be allowed to have a little better understanding of the difficulties involved.

The minister has said that he cannot answer my question until after they have had this meeting in St. John's tomorrow, and I will have to accept that. However, he should be a little more forthcoming as to the reasons underlying the difficulties, as the previous government used to be, so that the people involved can fully understand the situation.

[Senator Olson.]

[*Translation*]

MEDICARE

COST OF FINANCING HEALTH CARE PROGRAMS—GOVERNMENT POLICY

Hon. Pierre De Bané: Honourable senators, I have a question for the Leader of the Government in the Senate. Could he perhaps explain why the federal government is reluctant to respond when provincial governments mention the need for a review of the issue of medicare funding in Canada.

Considering the sorry state of public funds, the steadily increasing cost of modern medicine, an ageing population, and the cost of medical research, more and more provincial governments are saying that it may be time to consider asking those who can pay to make a modest contribution, so that we can continue to put adequate funding into a system that is such a vital part of Canadian social policies.

I get the impression that the federal government does not want to broach this subject. May I ask why?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, my honourable friend is right when he says that a number of provincial governments have raised the issue of medicare funding. However, there have been no concrete proposals so far.

I know that at least one provincial government raised the matter at the First Ministers conference the other day. As far as I know, several provincial governments will join forces on a study of this question and report to their counterparts later on, perhaps sometime in March.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, further to this question, perhaps the problem is that the federal government has substantially reduced its contributions to medicare, so much so that a few years from now, there will be no federal contribution at all.

The provinces are considering these proposals because the federal government has reduced its own contribution, which initially was to be on a 50/50 basis with the provinces. The federal government is getting out of the system altogether, so that the provinces must consider alternatives.

Senator Murray: The honourable senator is reviving a familiar argument in this Chamber about the federal government's contribution, which is made up of tax points and cash payments.

If you look at the figures very carefully, you will realize that the federal government has not reduced its contribution to provincial medicare plans, not at all.

Senator Molgat: Honourable senators, I beg to disagree with the senator. Perhaps he could provide some supporting figures. Tax points don't mean a thing to a poor province like New Brunswick or my own province, Manitoba, when there is no income on which taxes can be raised. This is ridiculous. The federal government is reducing its contributions, and I suggest my colleague show us the figures.

[*English*]

CROSS-BORDER SHOPPING

REPORT OF GOVERNMENT ANNOUNCEMENT—REQUEST FOR CLARIFICATION

Hon. John B. Stewart: Honourable senators, I have a double-barrelled question on another topic. I heard a report on CBC Radio this morning that the government had made an announcement relating to cross-border shopping. I did not have a chance to read anything about this because, along with other colleagues on both sides of the house, I was attending a meeting of the Standing Senate Committee on Transport and Communications throughout the day until now.

Would the minister make a statement, either now or at the next sitting, indicating what the government has announced, indicating the statutory or other authority for the various measures that the government has taken or is proposing to take, and indicating the financial implications of each of the several measures? That is one barrel of the question.

The other barrel of the question is quite different. I notice that at Westminster questions of order—questions almost of constitutionality, even—have been raised against alleged offences by ministers of the Crown making statements on public policy, particularly relating to taxation, when Parliament is sitting.

• (1500)

Does the minister regard it as proper that members of either house of Parliament should hear about these initiatives in the public media? Will the government undertake to reform?

Hon. Lowell Murray (Leader of the Government): Honourable senators, in answer to the first part of the question, I will immediately have sent to the honourable senator's office the information that he seeks from the Minister of National Revenue, Mr. Jelinek.

In answer to the second part of his question, I would say two things. First, personally, I prefer by far that all important announcements should be made by responsible ministers to Parliament, which in almost all cases involves ministers sitting in the House of Commons. Why that tradition has, not only in recent years but for quite some years past, been more honoured in the breach than in the observance, I do not know, but I think that it has something to do with the availability of time in the other place and the difficulty of obtaining agreement among the parties to limit discussion on any announcements that are made there.

The second point I would make, however, is that in respect of the measures announced by Mr. Jelinek, some of these require parliamentary action, and the initiative was taken in the House of Commons yesterday. For example, the removal of tariffs on consumer goods not made in Canada requires a Ways and Means motion which was tabled yesterday in the House of Commons. The measures taken with regard to tobacco smuggling likewise required a Ways and Means motion, and that was introduced placing a tax on exports or sales through duty-free stores.

I think I am correct in stating that the other measures that were announced are of an administrative nature or require further negotiations and discussions with provincial governments, and these are going forward.

Senator Stewart: I thank the minister for indicating that he will have the information for which I made a request sent to my office. In view of what he said in answer to the second barrel of my question, in effect that he thought this kind of information should be made available in Parliament,—

Senator Murray: First.

Senator Stewart: —will he also now undertake to lay on the table of this house the statement showing the information which I sought in the first barrel of my question, namely, what the measures are, what statutory authority there is, and the financial implications?

To that I would add, in view of what he has now said, what legislative action will be necessary on the part of Parliament?

The Hon. the Speaker: Honourable senators, before the Leader of the Government answers that question, I must advise the house that pursuant to rule 23(7) the 30 minutes for Question Period has expired. I would ask the Leader of the Government to answer the question, if everybody agrees, and then we will proceed to Delayed Answers.

Senator Murray: I will undertake to do what Senator Stewart has asked. However, for the record, let me simply state that the announcement made yesterday by Mr. Jelinek contains five points. One, the removal of tariffs on consumer goods not made in Canada; that requires a ways and means motion. Two, collection of provincial sales tax at the border, which requires further negotiation with the provinces. Three, collection of provincial tobacco and alcohol taxes at the border; this is an offer being made to the provinces. Four, postal and courier importations which I believe I am correct in stating does not require legislation but is an administrative arrangement between Canada Post and Customs and Excise. Five, tobacco smuggling, which requires a Ways and Means motion which has been introduced.

QUESTION OF PRIVILEGE

Hon. Raymond J. Perrault: Honourable senators, I rise on point of personal privilege. I find it incredible that we have today no government business of any kind yet a concerted effort is being made to cut off Question Period.

A minister in the other place said that children should not be allowed to play in the sun. I think you want the senators to become a bunch of ineffectual mushrooms in the dark. We need a little more enlightenment in this chamber, for heaven's sake.

I wanted to ask a question about the free trade deal that the honourable senator spoke about rapturously yesterday.

Senator Murray: See you next week.

Senator Perrault: The honourable senator talked about the free trade deal being like the greatest voyage we have ever

been on. It is like saying that the Titanic was on a Caribbean fun cruise.

Mr. Speaker, to make the rules work there has to be a generosity of spirit here, but there is no generosity of spirit on the other side at all. We spend thousands of dollars every week to bring senators to meet in Ottawa, and yet Question Period is cut off. Senators opposite will not allow questions to be asked about the way Mexican workers are being exploited now as we head into this other free trade deal.

Let Senator Lawson tell us something about that.

The Hon. the Speaker: Order, please.

Senator Perrault: It is an incredible charade that has been made of the rules. Jackboots on democracy!

Hon. Orville H. Phillips: Honourable senators, may I suggest that we meet tomorrow in order that Senator Perrault can ask his question.

Senator Frith: Why meet tomorrow? Why not do it today?

The Hon. the Speaker: Order, please.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1991

SECOND READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz moved second reading of Bill C-35, to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature therein and to repeal certain provisions thereof that have expired or lapsed or otherwise ceased to have effect.

He said: Honourable senators, Bill C-35 would give effect to what has been referred to as the 1990 proposal for a Miscellaneous Statute Law Amendment Act.

The 1990 proposals were the sixth set of proposals since the government initiated a Miscellaneous Statute Law Amendment Program in 1975. This program permits minor and technical amendments to federal statutes to be made without waiting for more substantive amendments and, therefore, an entire act dealing with any particular department or subject matter.

The parliamentary side of the program involves the tabling of a set of proposals in both Houses of Parliament and the consideration of the proposals by the Standing Committee of this place on Legal and Constitutional Affairs and the committee of the other place on Justice and the Solicitor General.

The 1990 proposals were originally tabled both in this house and in the other place on February 15, 1990. That would be fully one year ago on Saturday. After they had been studied by a committee of the other place they were referred on June 19, 1990, to our own Standing Committee on Legal and Constitutional Affairs.

Honourable senators, it has always been understood that if any individual member of the committee objects to a proposal then the proposal is withdrawn from further consideration and is never included in the bill that is ultimately presented.

• (1510)

Bill C-35 does not include any of the proposals to which any member of our committee or the committee itself objected to. The Senate's committee report on the 1990 proposals was presented by me on February 28, 1991, and is appended to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* for that day. When I presented that report, I paid tribute to Senator Neiman, who chaired the sub-committee of our Legal and Constitutional Affairs Committee, and Senators Stanbury and Beaudoin. They were the other full-time members of this sub-committee. I take this opportunity again to reiterate my appreciation for their thorough examination of the proposal.

Honourable senators, I mentioned to several senators that I thought that they had spent something better than 20 hours on this proposal. The researcher of our Legal and Constitutional Affairs committee said it would be fair if I said that it was something in excess of 25 hours that they had spent reviewing this proposal.

Senator Frith: These proposals, in fact.

Senator Nurgitz: Yes. They went through them one by one. As well, the committee retained the services of a lawyer retired from the Department of Justice who was familiar with legislation.

As noted in the committee's report that I just referred to—and as is evident from the long title of the bill—most of the proposals correct anomalies, inconsistencies, archaisms and errors in federal statutes. Other proposals make miscellaneous amendments of an absolutely non-controversial and uncomplicated nature.

When one sponsors a bill, it is usual to say, "This bill contains . . . ." But this bill, Bill C-35, does not contain the following three items. First, there was contained in the original proposal an item to permit trustees in bankruptcy to deposit proceeds of a bankrupt's estate in the account of a financial institution other than a bank. That would be an amendment to the *Bankruptcy Act*. The committee took the position that, while it was perhaps not a terribly big matter, it still was more a matter of substance than it was of routine, and thought that perhaps it should not be in this bill but should be the subject-matter of a full statute.

Also not contained in this final Bill C-35 is a proposal to exempt Indian band by-laws and membership rules from the application of the *Statutory Instruments Act*, even though our Scrutiny of Regulations committee recommended in 1987 that those by-laws and membership lists be exempt from the *Statutory Instruments Act*. It was still considered to be matter of substance and not to be within this kind of proposal, so it is deleted.

Finally, there is an interesting matter that indicates how important is a committee such as our Legal and Constitutional Affairs Committee. Bear in mind, honourable senators, —and referring again to the timeframe—that it takes quite sometime

to have a bill tabled in both houses. We then wait. The House of Commons committee then looks at it. By the time we receive the bill, the items that the House of Commons committee did not like have already been removed. We then get a sort of last kick at the cat.

The coommittee in the other place wanted to add amendments to the Criminal Code that would substitute the expression "reasonable grounds" for the expression that is now in the code of "reasonable and probable grounds". There was a good deal of discussion in our committee about that. In fact, we were adamant that that is a very substantive change, so much so that we believed that it might affect the rights of individuals. The very question of the two different meanings of "reasonable grounds" and "reasonable and probable grounds" was argued last Thursday in the Supreme Court of Canada in two different cases. We will soon know if there is a difference. The Supreme Court may well rule that there is no difference. In any event, it was the opinion of your committee that that was not a matter that should be included in this kind of statute, and I assure honourable senators that that item is not in Bill C-35.

Senator Frith: To use the old expression, it was something that someone was able to make a federal case out of.

Senator Nurgitz: Right; two federal cases.

In any event, the proposals are not found in Bill C-35. In fact, Bill C-35 does not include proposals to which members of the committee objected. The proposals would have amended the French version of the *Young Offenders Act* to remove a requirement that a police officer must have reasonable grounds to believe that a young person has committed an offence in order for the police officer to inspect records relating to that young person. Your committee preferred that the English version be amended in order to add this requirement of reasonable grounds. This recommendation actually has been adopted. It is an item that was included to which no great exception was strikonnotstrikoff taken, but it was corrected in the proposal. The committee's recommendation has been followed and is contained in the bill.

The bill consists of proposals that were found entirely unobjectionable by our committee. However, the bill also includes some proposals that were not before the committee. These are additional proposals that are consequential on proposals that were examined and approved by your committee.

Honourable senators, I have a table of concordance between the proposals as studied by the committee and Bill C-35. I have given those to Senator Lewis, who will be speaking to this matter sometime next week. I do not want to take the time of the Senate to go through all of that, but will simply indicate that the additional proposals that were not before the committee are merely consequential, or that followed on proposals that were examined by our committee.

After this bill was introduced in the other place last October, there was some debate about Part III consisting of certain clauses. These clauses were not included in the proposal examined by our committee. They all relate to bills introduced after the committee reported on proposals. Like the other additional matters, they are not new as such but, rather, are consequential. An example of this is that the original proposal would have amended the *Income Tax Act* in order to delete reference to banks to which the *Quebec Savings Bank Act* applies. However, there are no longer such banks. Another example would be to replace references to Workmen's Compensation with Workers' Compensation. Those are some of the changes. I have referred Senator Lewis to this table of concordance, and I think that it explains many of these questions.

Honourable senators, after hearing from Senator Lewis, or any other honourable senator who wishes to speak, I would indicate that after second reading I would not be asking that this matter be referred to, for example, the Standing Stamding Committee on Legal and Constitutional Affairs or, for that matter, even a Committee of the Whole, for the simple reason that it is a matter that has been studied probably more than most other matters are studied by committee.

• (1520)

All we would really be doing is assuring the Senate that the final version is a version already approved of, in essence, and reported back to this house and approved by this house, and that we would proceed without reference to a committee. I just give notice of that now.

My authority for doing that is, of course, that that is precisely what was done in 1988, when the fifth set of miscellaneous statute amendments was brought in.

Honourable senators, I refer you to the *Debates of the Senate* of January 26 and January 27, where I suppose no less an authority than myself and the Leader of the Opposition covered this very question, that all we would be doing is asking the Legal and Constitutional Affairs Committee to approve its previous report, which has already been approved by the Senate. To that end, I serve notice now that I will be asking the Senate to consider the matter without reference to committee. Thank you, honourable senators.

On motion of Senator Lewis, debate adjourned.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO INCREASE MEMBERSHIP—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator David, seconded by the Honourable Senator Kelly:
>
> That the membership of the Standing Senate Committee on Social Affairs, Science and Technology be increased to fifteen members and that Rule 87(1)(*m*) be suspended in relation thereto for the present session.—(*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I hope to be in a position to proceed with

this matter next week after consultation with the Deputy Leader on the other side.

Order stands.

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY MATTERS RELATED TO NATIONAL SECURITY AND DEFENCE AND TO INCREASE MEMBERSHIP OF COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Stewart, seconded by the Honourable Senator MacDonald, (*Halifax*):

That the Standing Senate Committee on Foreign Affairs be authorized to hear evidence and to examine and report on matters relating to national security and defence and the future roles of Canada's armed forces;

That the membership of the Senate Committee on Foreign Affairs be increased to twenty (20) members and that Rule 87(1)(*h*) be suspended in relation thereto; and

That the Committee present its report no later than March 31, 1993.—(*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, as with the previous motion, I hope to be able to proceed with this matter next week after consultation with the Deputy Leader on the other side.

Order Stands.

FOREIGN AFFAIRS

DANGER OF SERIOUS DISTURBANCES IN RELATION TO MACEDONIA

Hon. Philippe D. Gigantès rose pursuant to notice of February 11, 1992:

That he will call the attention of the Senate to the danger of serious disturbances going as far as, possibly, armed disturbances over the question of Macedonia.

He said: Honourable senators, the word "Macedonia" has been a bone of contention, if a word can be, ever since the movement for liberation of the people of the Balkans from the Turkish Empire, or the Austro-Hungarian Empire. Now we have a former republic member of what used to be Yugoslavia wanting to proclaim itself the Independent Republic of Macedonia.

The European community has established a set of rules on the basis of which such republics, or such declarations of independence, would be accepted. One of the rules was that the name chosen by the aspiring independent state should not be a name that indicated irredentist tendencies, should not be a name that indicated territorial claims on the territory of neighbouring states.

Now, in making their proclamation of independence, the people of the former Yugoslav Republic of Macedonia made a very important reference. They said that their state would be in accordance with the principles set down in the uprising of 1903. This may appear extremely arcane, but there was a rebellion in the territory now called Yugoslav Macedonia in 1903, in which the people in that area laid claims then to territory which is now part of Bulgaria or Albania or Greece. Now, recognizing Macedonia under that name, when its Parliament proclaims it to be based on the declaration issued in 1903, would mean that we are giving recognition to territorial claims by what used to be Yugoslav Macedonia upon territory that is now in Bulgaria or Greece or Albania. This is likely to cause the sort of thing they have in northern Ireland.

I do not expect Bulgaria, Greece, Yugoslavia or what is left of it, or Macedonia, if it is independent, or Albania to go to war, but unfortunately the precedents are there for descendants of these people—Greek-speaking, Serbian-speaking, Bulgarian-speaking— sending weapons from places like Canada or the United States to support guerilla movements, battling over generations-old land claims.

My grandfather, a Greek Macedonian, I will tell you, was living over there, meaning Bulgarian Macedonia, and he had a farm that was a veritable paradise, and they took it from him. There is a Bulgarian-speaking Macedonian in Bulgarian Macedonia who says, "My great grandfather was living there," in what the Greeks now call their Macedonia, "and he had a farm that was a veritable paradise."

What happened after the Balkan wars of 1912 and 1913 was a *de facto* exchange of population. The Bulgarians said to the people living in the part of Macedonia they took over, "You can stay here and you are welcome, provided you agree to speak Bulgarian, only have Bulgarian churches, and forget about speaking Serbian or Greek." In Serbian Macedonia, the Serbs said, "You can stay here and be citizens of our country provided you forget about wanting schools in either Greek or Bulgarian or having churches with services in either Greek or Bulgarian." The Greeks, let us be frank, said to Macedonians who spoke Bulgarian or Serbian, "You can stay here provided you do not ask to use either Serbian or Bulgarian, you do not want Serbian or Bulgarian schools, and you do not want churches with Serbian or Bulgarian services."

Now, in all three areas, some people who did not speak the language of the government running the area decided to stay. Several others left, and there was therefore a *de facto* exchange of population, which was bitterly resented, but which has settled down, because we are talking now of a long time ago, 1913. There have been two world wars since.

However, right here in Canada, and in the United States, there are irredentist movements by the descendants of these people saying, "I want my great grandfather's farm back." We have seen Croatians and Serbians living in our country sending weapons over there, as there are Americans of Irish decent sending weapons to the IRA. This is regrettable.

I personally think that these old feuds should be put to rest and that certainly no Canadian citizens should be allowed to participate in guerilla wars by proxy in those old territories. It would be extremely regrettable, and it could happen.

• (1530)

The government has shown prudence, and I commend it for that, in saying that the visit of the President of Macedonia, Mr. Gligorov, was a private visit. Nevertheless, he was received by the Prime Minister, even though he is not the president of an independent state, but of a state that wants to be independent and which is not observing the rules set out by the European Community for accepting such independence. Those rules were put forward to put to rest these quarrels.

I commend the Canadian government for not saying that it was an official visit. I beg the Canadian government to continue to be cautious about this matter. We do not want our citizens to participate in the type of troubles that are now ongoing in Croatia.

As for Mr. Gligorov, I would remind the government that in World War II, as a major in the Bulgarian army, which was allied to the Nazis, he fought under Nazi command. For people in the Balkans, that is not a wonderful recommendation. They remember the Nazi depredations. The government has shown caution. I hope it will continue to do so.

Hon. Stanley Haidasz: Honourable senators, I should like to ask a few questions of Senator Gigantès.

Does the honourable senator have evidence of any impending delivery of arms by any Canadian citizen to the Macedonian state of Yugoslavia?

Senator Gigantès: I have no such evidence. What I am saying is that we should guard against having in Macedonia the sort of episodes we have had over Croatia in which Canadians of Croatian descent, or Canadians of Serbian descent, have collected money to send arms to Croatia.

Senator Haidasz: It is a fact that the Canadian government has recognized Croatia and Slovenia, which were federated states of the country called Yugoslavia. Not only has it recognized those two states, it has stated that it will send aid and soldiers under a United Nations peace-keeping force to bring about a cessation of hostilities, particularly in Croatia.

Senator Gigantès: Honourable senators, the name "Croatia" does not indicate territorial claims over territory outside the former frontiers of Yugoslavia. The same is true for the name "Slovenia." However, the name "Macedonia," allied as it is in its declaration of independence with the uprising of 1903, raises territorial claims over areas of Bulgaria, Greece and Albania. That is the difference. It is why the European Community refuses to accept the name "Macedonia." It is because it is allied to this declaration of 1903. It is important to take that into consideration.

Senator Haidasz: I have another question for clarification, Senator Gigantès. There was a referendum in the state of Macedonia, in which the inhabitants of that state were asked whether they wanted independence. The referendum results were in the affirmative, and there was a declaration by the Parliament of Macedonia to seek international recognition for the will of the inhabitants of Macedonia. Can you say anything about that matter?

Senator Gigantès: If the Canadian government is faced with a question of recognition, I think it should set a condition that a state by whatever name, including what used to be called the Federated Republic of Macedonia in what used to be Yugoslavia, should renounce territorial claims over its neighbours. Its neighbours have territorial claims, too.

We do not want to get into a Northern Ireland type of situation where Bulgarian Macedonians are sending guerillas into Serbian-speaking Macedonia, and Serbian-speaking Macedonians are sending guerillas into Bulgarian-speaking Macedonia, and citizens of our country are financing by proxy this guerilla war.

I would like to quote Pericles in this regard. When the Athenians were besieged by the Spartans within their walls, and the Athenian farmers were seeing their trees being cut down, they demanded that the troops be sent out. Pericles said that a decapitated tree grows again; a decapitated man does not.

I am making an appeal that we be extremely cautious not to take any steps which would bring back the conditions that prevailed in that part of the world before 1913.

Senator Haidasz: Does the honourable senator have any suggestions for the Government of Canada as far as changing the name of the state of Macedonia? What should they call themselves?

Senator Gigantès: I am sure there are people of great culture, imagination and patriotism who would find within their history and their hearts a name suitable for their aspirations. I do not have to choose a name for them. I am prepared to live with the name of my country, which is Canada.

Senator Haidasz: Canada is a signatory to the Conference on Security and Cooperation in Europe. One of the articles of that agreement concerns the right of peoples and nations to self-determination. The majority of the people of the state of Macedonia speak a Slavic language and have Slavic culture. So they are distinct. They have their own culture, their own tongue. Why quibble over the name "Macedonia"? Why deny the people of Macedonia the right to call themselves Macedonians? What is so serious and important that in its name we should deny a people the right to call themselves what they chose to be called?

• (1540)

Senator Gigantès: If they had not tied that declaration—over which they voted in a referendum—with a reference to the 1903 uprising, which proclaimed that Serb-speaking Macedonians had territorial claims over bits that are now Bulgarian, bits that are now Greek, and bits that are now Albanian, I would personally say, well, if a Slav-speaking people want to carry a Greek name, fine. After all, there was a Greek Macedonia, as far as we know, 3,000 years ago. The Slavs did not arrive in that part of the world much before the seventh century. So if this group of Slavs want to call themselves by a Greek name, they are welcome to do so.

What I am saying is that this particular part of the Slavic world should drop its threatening, irredentist tendency stated

in the Charter of 1903, which they adopted as part of their declaration of independence.

Hon. Royce Frith (Leader of the Government): The Sixth Edition of the National Geographic Atlas of the World, at page 65, shows quite a defined area for Macedonia. It does not give it the big black letters that would go with Yugoslavia, but one can see the borders. Those borders, I take it for the record, are all somewhat disputed?

Senator Gigantès: What Senator Frith was showing me in that atlas was the area, the province or federal state of Yugoslavia which Tito called Macedonia. It had not been called Macedonia before.

Senator Frith: It would be like Ontario or Quebec in Canada?

Senator Gigantès: That is right. Before Tito, it was never called Macedonia. It was simply a part of Serbia. Montenegro was called Montenegro, Croatia was called Croatia, Slovenia was always called Slovenia, but Tito called that part Macedonia. This was at a time when Tito was a member of the communist bloc, harbouring guerrillas, trying to conquer democratic Greece and extend the rule of the communist bloc into Greece and penetrate to the southern sea and take Salonica. To bolster that claim, he created this province and called it Macedonia.

Macedonia is a very old name. Phillip, the father of Alexander, ruled the kingdom of Macedonia. The kingdom of Macedonia was eventually conquered by the Romans and became a Roman province extending over an area which includes what the Serbs call Macedonia, what the Bulgarians called western Rodhopi, and what the Greeks called their Macedonia, and a bit of Albania. The Christian church made that an archbishopric. The Greek byzantine empire called it a province and kept the name Macedonia. We are spreading over four countries as of today.

The Turkish empire put the same area under a pasha, who ruled it either from Selenica or Monastir, which is in Albania. He used to commute between the two cities. The name "Macedonian salad" came from this area.

Senator Cogger: Yesterday you talked about cheese; today you are talking about salad. What are you doing?

Senator Gigantès: If I got any more intellectual, you would not understand. Like me, you seem to like your stomach, and you have the wherewithal to prove it. We are, both of us, a little plump, so let us talk food so that we can understand one another.

In 1911 and 1912, there were two successive Balkan wars. In the first one, Bulgaria, Serbia and Greece allied together to defeat the Turks and push them out of Macedonia. The territory of the Turkish empire called Macedonia was divided among the three. That is when those de facto exchanges of population occurred. The part that went to Serbia was never called Macedonia by the kingdom of Serbia. It was given the name "Macedonia" by Tito as a means of claiming a part of northern Greece which he coveted and which he was hoping to take as a reward for helping the Greek communist guerrillas.

[Senator Gigantès.]

The Hon the Speaker *pro tempore:* If no other senator wishes to speak, this Inquiry is considered debated.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart, pursuant to notice of February 12, 1992, moved:

> That the Standing Senate Committee on Foreign Affairs have power to sit at four thirty o'clock in the afternoon on Tuesday, February 18, 1992, even though the Senate may then be sitting, and that Rule 94(4) be suspended in relation thereto.

Hon. John B. Stewart: Honourable senators, the Standing Senate Committee on Foreign Affairs is seeking permission to sit next Tuesday at 4:30 o'clock in the afternoon, even though the Senate may then be sitting. I hope that motion will carry.

Let me explain, very briefly, the problem that confronts the committee. The authorities who determine the weekly schedule for Senate committees have assigned to the Standing Senate Committee on Foreign Affairs three time brackets, all on Tuesday. One bracket is when the Senate rises. The second time bracket is at 6:00 p.m. The third time bracket is at 8:00 p.m., all on Tuesday.

Earlier today, Senator Kelleher and I discussed the problem, which is this: Some senators on the government side find that they have standing party commitments at 6 o'clock and at 8 o'clock.

• (1550)

Therefore the only time slot that, in fact, is available to the committee is Tuesday afternoon when the Senate rises. If the Senate rises early, there is no problem. On the other hand, it frequently happens that important motions or important inquiries are brought forward for debate and discussion, as today, for example, relatively late in a sitting. Consequently, the committee does not know when it can begin its work.

The Senate has assigned to the Foreign Affairs committee important references with regard to trade. Some of the witnesses who will be helping the committee come from outside Ottawa; indeed occasionally we have witnesses from outside Canada. We find we have a very simple but serious problem, namely that we have witnesses waiting in the corridors but, because the Senate is still sitting, debating important inquiries, the committee cannot meet. We even had a situation—although not in this session—where we had a witness from Mexico City whom the committee could not hear because the Senate was sitting and we could not get permission to sit.

We are asking now, in this motion, for permission to sit next Tuesday at 4:30. However, I want honourable senators to realize that passing this motion does not remove the problem. Indeed, we have a serious, continuing problem.

I think we are all proud to agree that the work of the Senate committees is excellent; much better, indeed, than the work of some other legislative bodies, despite the chairman in some instances, yes, I agree.

That being the case, I would hope that senators on both sides of the house would put their minds to solving a very practical problem that is confronting the Foreign Affairs committee. You can solve our problem for next Tuesday by accepting the motion, but please look beyond that to a more permanent solution for a real problem.

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

Some Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, February 18, 1992, at 2 p.m.

THE SENATE

Tuesday, February 18, 1992

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

Prayers.

THE SENATE

DELAY IN PRODUCTION OF DEBATES—REPORT OF OFFICIALS

The Hon. the Speaker: Honourable senators, before we proceed to "Senators Statements", I wish to advise honourable senators that our officials met with officials from the Printing Bureau and the Translation Division of the Department of the Secretary of State to discuss the problems which delayed the printing of the Senate Debates last Tuesday and Wednesday.

I am advised that there were difficulties in all three sections involving interfacing and transmission lines. Corrective action has been taken to prevent a possible recurrence.

With respect to Senator Molgat's question concerning priorities, our officials were assured by the Printing Bureau that both Houses receive equal service. Printing is processed on a first-received-first-print basis for both Senate and House of Commons documents.

SENATORS' STATEMENTS

FISHERIES

FOREIGN OVERFISHING—DEPLETION OF NORTHERN COD STOCKS

Hon. Jack Marshall: Honourable senators, the disastrous condition of the northern cod stocks off the coast of Newfoundland prompts me to utter a few words related to the results and the recommendations of the Standing Senate Committee on Fisheries in 1989.

In 1987, over four years ago, the Fisheries Council of Canada appeared before the committee and in a paper entitled "Foreign Overfishing—A Strategy for Canada," they said this in their executive summary:

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

Without going into details, the report concludes:

> In view of the magnitude of the problem, the Fisheries Council of Canada calls on the direct participation of the Prime Minister of Canada and the Secretary of State for External Affairs to develop with the Minister of Fisheries and Oceans a concerted action plan to eliminate the foreign overfishing of these stocks which are vital to the Canadian industry and to the many fishing communities in Atlantic Canada. In addition, the Government of Canada should now embark on a long-term strategy to enable Canada to gain functional fisheries jurisdiction on the nose and tail of the Grand Bank.

We took those concerns seriously. In our report, recommendation no. 6 stated:

> That the federal government step up sanctions beyond port closures and the curtailment of preferential access to surplus fish stocks within the 200-mile limit to bring pressure on those countries who overfish the so-called straddling stocks. The Prime Minister, the Secretary of State for External Affairs and the Minister of Fisheries and Oceans should develop a strategy to establish full functional Canadian fisheries jurisdiction over the whole Continental Shelf.

The response by the minister about a year later was not too interesting, but I raise this because I think it is a serious situation, not only for Newfoundland, but for all the Atlantic provinces. A little later today I intend to introduce an inquiry to raise the matter and impress upon honourable senators what should be done.

Strangely enough, I have a quotation from 1889, over 100 years ago. The then Superintendent of Fisheries in Newfoundland said this:

> The grave fact confronts us, that for years past our shore cod fishery has been steadily declining, and of late, that decline appears to have been accelerated . . . . For such a decline there must be causes. It is our part to search out and remove these causes and use remedial measures.

That was a serious situation, and depending on who is in government today, one blames the other across the aisle and still nothing it done.

I see you rising, Mr. Speaker.

The Hon. the Speaker: Your three minutes are up. Will honourable senators waive the three-minute time limit?

Hon. Senators: Agreed.

Senator Marshall: I did not intend to continue. I have raised the matter, and I will introduce an inquiry later on in the procedure.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

THIRD REPORT OF COMMITTEE PRESENTED

Hon. Paul David: Honourable senators, I have the honour to present the third report of the Standing Committee on Social Affairs, Science and Technology concerning a request to the government to respond to the recommendations made in the committee report entitled "It's Almost Too Late".

(*The text of the Report is printed as an Appendix p. 934.*)

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

Senator David: Honourable senators, I move that it be placed on the Orders of the Day for consideration at the next sitting of the Senate and that it be commented on by Senator Marshall, Chairman of the Subcommittee on Veterans' Affairs.

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

[*English*]

FOREIGN AFFAIRS

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

Hon. John B. Stewart: Honourable senators, I give notice that at the next sitting of the Senate, I shall move that the Standing Senate Committee on Foreign Affairs have power to sit at 4.30 in the afternoon on Tuesday, February 25, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

FISHERIES

FOREIGN OVERFISHING—DEPLETION OF NORTHERN COD STOCKS—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on February 19, 1992, I will call the attention of the Senate to the report of the Standing Senate Committee on Fisheries, The Marketing of Fish in Canada, East Coast Fisheries, dated December 1989, and specifically as it relates to the recommendations applicable to the present state of fish stocks due to foreign overfishing.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators will not be disappointed to know that the petitions against the GST continue to flow to the Senate. Today I have from the province of New Brunswick and the province of Quebec a total of 394 names in 19 petitions against the GST by citizens of Canada praying that the Parliament repeal that infamous tax and that there be an immediate election.

There are three petitions from New Brunswick with 62 names, 16 from Quebec with 332 names, for a total of 394 names. The places within those two provinces from which the petitions have been sent by these Canadian citizens are as follows: From New Brunswick: Atholville, Bas-Caraquet, Bertrand, Caraquet, Evangeline, Pokemouche, St. Léolin, Village Blanchard; from Quebec: Beauce, Charlevoix, Charlesbourg, Dollard des Ormeaux, Fleurimont, Jonquiere, Kirkland, Lévis, Longueil, Magog, Montreal, Pointe-aux-Trembles, Quebec City, Sherbrooke, St.Césaire, St.Laurent, St.Raphael de Bellechasse, Ste. Anne de Bellevue, Ste. Foy and Ville Saint-Laurent.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 1,190 citizens of Quebec who oppose the goods and services tax and ask that it be abolished. They also want the Prime Minister to resign and a general election to be held.

I have as well another group of petitions signed by 2,121 Manitobans opposed to the goods and services tax.

These petitions come from Portage la Prairie and also from Winnipeg.

QUESTION PERIOD

[*English*]

FISHERIES

FOREIGN OVERFISHING—DEPLETION OF NORTHERN COD STOCKS—EFFECT OF GOVERNMENT POLICY

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate touching on the subject raised by Senator Marshall under the heading Statements by Senators. I must say I do not expect a yes answer to this question, but I will try it.

In the recent course of reviewing some answers that the Leader of the Government had been giving to questions by the Opposition, and shortly afterwards in re-reading *Oliver Twist*, I was reminded of a character from *Oliver Twist* called the Artful Dodger, which is perhaps an appropriate designation with respect to some of the answers we have been getting.

I was forced to be charitable and say "artful", but for some of the answers I found that the dodging was less than "artful".

• (1410)

My question is: Does the government accept any responsibility for the situation referred to by Senator Simard? The cod stocks have been so mismanaged by the federal government and so overfished by foreign fleets that we are now facing this six month shut down of the off-shore cod fishery? Will the minister accept any responsibility or any blame on behalf of the government?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I reject the assertion that the federal government has mismanaged the cod stocks. As for foreign overfish-

ing, the honourable senator should be aware that the government has been pressing the issue in every forum that is available to us with respect to foreign countries through direct appeals to the European Commission and the European member states. The Prime Minister has also put the issue on his agenda for the United Nations summit in Rio De Janeiro in June. High level government officials will travel to European Community countries in the future to again impress upon them the seriousness of the situation and the adverse impact that European fishing activities have on the region. The vessels involved are mostly flagged Spanish and Portuguese vessels, and they fish just outside Canada's 200 mile fishing zone.

I should advise the Senate also that work is progressing on development of international law towards recognition of coastal state rights to the straddling stocks outside 200 miles, but I acknowledge that this is a longer term goal.

Senator Frith: I designate that reply as something between artful and artless.

The Hon. the Speaker: Honourable senators, may I ask senators to speak a little louder because, as you all probably realize, our system is not working. At least until the system is back in operation, please speak a little louder when you ask your questions or give your answers so that everyone can hear.

CONTINENTAL SHELF—UNILATERAL EXTENSION OF JURISDICTION BEYOND PRESENT LIMIT

Hon. H.A. Olson: I have a supplementary question. Does that reply mean that the government does not know what to do with respect to the problem that the fishermen have been drawing to the government's attention respecting these stocks? For months they have been advising you that most of the problems are caused by overfishing by some foreign trawlers beyond the 200 mile limit. We know that other states have declared the rest of the continental shelf contiguous to their shores to be areas which they would administer. Have you not heard that? You did not seem to indicate that that was one of the solutions that we might pursue.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I understand that Senator Olson is suggesting unilateral extension of our jurisdiction. He says that other countries have done this, but to what effect?

Senator Olson: To the continental shelf, yes.

Senator Murray: The fact of the matter is that we know that we have to deal with a pressing conservation problem that is having a severe economic impact.

We think the better approach is to work co-operatively at the bilateral, regional and multilateral level. We and 15 co-sponsors have submitted a draft paper to the United Nations which sets out principles and measures to give full effect to the provisions of the Law of the Sea Convention regarding conservation and management of high seas fisheries, and in particular gives coastal states an effective role in conserving and managing the straddling stocks beyond the 200 mile limit. We will continue to work with other countries to bring high seas fisheries under effective control.

Senator Olson: When?

Senator Frith: I think our questions, sir, were anticipated. You just happened to have your music.

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESUMPTION OF NEGOTIATIONS—MEETING BETWEEN PRIME MINISTER AND FARMERS—GOVERNMENT RESPONSE

Hon. H.A. Olson: Honourable senators, has the Prime Minister had a meeting with the dairy farmers today? As many as 25,000 dairy, egg and poultry farmers were to have a meeting with the Prime Minister today. I did not see them outside. Has he, as yet, had that meeting? In fact, I think the Prime Minister said that he would meet with them today.

What is the Prime Minister's response to the main concern of the farmers, that being the position that Canada will take at the GATT negotiations? I think it is today or tomorrow that some officials, including the Minister of Trade, will be returning to those negotiations. Will they be making any suggestions about some tariffication or do they intend to defend the rights of Canadian farmers to continue using the structure that they have built up over the last 20 years or so?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I answered those questions last week.

Senator Olson: Was there a meeting today?

Senator Murray: When I last saw the Prime Minister, he was heading to a meeting with farm groups. The meeting was to have taken place over the noon hour. I have not had an opportunity to obtain a report on that meeting. Mr. McKnight, the Minister of Agriculture, Mr. Blais, the Minister of State for Agriculture and Mr. Wilson were all present. A number of other federal cabinet ministers were also present. The meeting was held in the Pearson Building. Later this afternoon, the Prime Minister and others will be meeting with the supply management groups.

Senator Olson: If they have already had the meeting, do I take it that you simply have not had a report on the response which the dairy, egg and poultry producers received to their requests? We will not be able to get an answer yet, but presumably there was some response from the senior ministers you have been talking about. That is all I want to know. What did they respond?

Senator Murray: Honourable senators, I expect that what happened at that meeting is that the Prime Minister and his cabinet colleagues outlined, for the benefit of the farm leadership, the efforts that this government has been making and will be making in pursuit of its objective to obtain strengthening and clarification of Article XI. I expect also that the Prime Minister will have invited the farm leaders to join with him in making representations, not only to other governments but to farm organizations in other countries.

Senator Olson: Honourable senators, the Leader of the Government prefaced both parts of his reply with "I expect". That means he does not know.

Senator Murray: I was not there.

Senator Olson: Have not you heard from them? To some people in Canada, and particularly those 25,000 producers, this is a fairly important question, and so far there has not been a satisfactory response insofar as the producers are concerned.

As a matter of fact, several hundred worried Ontario farmers met with the Prime Minister on February 14. He is reported to have said at that time that they are not even considering acquiescing to the suggestion by Mr. Dunkel that there should be a tariffication regime set up in place of the marketing agencies which we in Canada have worked for 20 years to evolve to the state of sophistication they have now reached.

● (1420)

Senator Frith: He ran away from them in Peterborough!

Senator Olson: I know he did.

Senator Lynch-Staunton: Question.

Senator Olson: There was a news release issued by the Ontario Milk Marketing Board. In that news release it says that in answer to a question from dairy farmers the Prime Minister said, "In response to the first part of your question, whether we would table provisions in respect of tariffication, no, we will not." Is that the position of the government, and will they continue to take that position, or will they find themselves in the same situation as the Minister of Agriculture, who said in Calgary about 10 days ago, "We can't guarantee anything", while ringing his hands?

Senator Murray: Honourable senators, the answer that the Prime Minister gave to those farmers is exactly the answer I gave to the honourable senator on that very matter in this place last week. We are not tabling tariffication proposals. Our policy is to continue to fight for the strengthening and clarification of Article XI. We will continue to do so. Can we guarantee the outcome? Of course we cannot.

Senator Olson: Can you guarantee that you will stick to your guns?

Senator Murray: The honourable senator knows better than to ask that question. The answer to that question is resoundingly in the affirmative. If he asks the same question every day he will get the same answer every day. I told the honourable senator in some detail in this chamber last week of the efforts that Prime Minister Mulroney and other members of the government have made to apply pressure on our trading partners in the European Community, in the United States, in Japan and in other countries to join with us in helping to achieve our objective. That is our policy. All the attempts of the honourable senator for political purposes to try to distort the meaning of our policy will come to naught. The farmers understand what the government is trying to do.

Senator Frith: Oh, do they? What have you been smoking? Pass it around.

Senator Olson: Wow!

Senator Barootes: Hear, hear.

Senator Olson: I heard your response to the questions of a few days ago and I accepted that answer as having been given by a leading spokesman for the government, especially in the Senate. Then Mr. McKnight, the Minister of Agriculture, went to a meeting of the dairy farmers in Calgary a week ago last Friday. His answer was not anywhere near as firm or as positive as that of the honourable senator. He waffled and said that we only have five friends out of 106 countries, all of which have a vote at the meeting in Geneva. He said that the government could not guarantee anything. He did not have any positive message at all. Right there, my faith in the government sticking to its guns started to waiver a little bit.

Senator Frith: The important thing is that the farmers understand!

Senator Olson: Now he tells me that the farmers understand. Some of the leaders of these farm organizations have been to those meetings in Geneva too, and they are the ones who are asking whether the government will stick to what they have said—or what Prime Minister is quoted to have said—about the dairy farmers. That is why I asked the question, because my faith in your staying power gets a little shaky once in a while.

Senator Frith: The 30,000 farmers have already come down here to say that they understand.

Senator Barootes: Count them when they get here.

Senator Simard: Now you are catching on.

Senator Murray: The honourable senator surely will not reproach me for not having a report on a meeting which may still be under way, or may have just ended a few minutes ago. Having said that, I repeat again: The policy is as I stated it in this house last week. It would be utterly dishonest for me, Mr. McKnight or any other minister, in respect of an international negotiation as complex as the multilateral trade negotiations, to stand up and tell farmers or any other group in this country that we could guarantee the outcome.

The honourable senator, with his own sad experience of bragging before the event when he was in government and the disappointment that he invariably brought back to the country, should certainly agree with the point I am making.

Senator Frith: Counsel of desperation!

● (1430)

Senator Olson: I will tell you one thing: The passage of time demonstrates even more clearly, day by day, year by year, the wisdom of this senator in 1971 in bringing in that legislation in the first place. It looks a whole lot better today than it did even then.

However, perhaps the Leader of the Government in the Senate will answer one question: Will he bring us in this

chamber a report on how the senior ministers, including the prime minister, have responded today to the the requests of the farmers? Some of those ministers may represent a large number of farmers, but I know a lot of farmers who are looking to get a reply in Parliament as to what the government's position will be and, whether or not there is any change in that position, or any waffling around the edges again.

Senator Murray: Honourable senators, as soon as a report is available, I will bring it in.

NEWFOUNDLAND

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

Hon. Colin Kenny: It has been ten years since the *Ocean Ranger* disaster. We have had the report of a royal commission, but we still have not had any legislation from the government. Is any planned in the near future?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall have to ask for a report on that matter.

THE ECONOMY

EFFECT AND TIMING OF FORTHCOMING BUDGET

Hon. Stanley Haidasz: Honourable senators, following the recent meetings of the provincial finance ministers with the federal minister of finance and another recent meeting of the prime minister with the first ministers of this country, and in view of the urgent need to do something about mounting unemployment, the record high bankruptcies of Canadian businesses and the sorry state of the Canadian economy, can the Leader of the Government in the Senate state whether the government intends to bring in a budget, preferably this week and no later than next, that will attempt to solve the problems that the country is facing at this time?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my friend refers to the sorry state of the Canadian economy, but Canada is described by the OECD and the International Monetary Fund as being a country which will lead all industrialized countries in the world in economic growth next year.

Senator Frith: Ask Canadians about that.

Senator Murray: And it will also have the lowest or second lowest rate of inflation. The honourable senator should keep these matters in perspective.

Senator Molgat: Not one Canadian agrees with you.

Senator Murray: It will be the duty of the Minister of Finance to announce the date of the budget. He may do that as early as today, but it is his prerogative to do so, not mine.

Senator Haidasz: The sooner the better.

[Senator Olson.]

FISHERIES

STATUS OF STANDING COMMITTEE

Hon. John B. Stewart: Honourable senators, I with to direct a question to the Leader of the Government in the Senate. It may well be that this question is more properly directed to the deputy leader or the government whip. There are important developments, certainly not all good, in the North Atlantic fisheries, yet the Fisheries committee of the Senate does not appear to be active. When will that committee meet, and is there any insuperable difficulty barring the work of the committee?

Senator Frith: Call the OECD. They'll tell you everything is okay.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have the date in front of me, but I had understood that there had been a meeting of the Selection committee, and that an organizational meeting of the Standing Senate Committee on Fisheries was imminent within a day or two. The Selection committee is meeting tomorrow. I am now informed, to enable both parties to appoint their members to the committee, and that an organizational meeting of the Fisheries committee will then be held.

CANADA-FRANCE FISHERIES AND BOUNDARIES AGREEMENT

ST. PIERRE AND MIQUELON—STATUS OF ARBITRATION ON TERRITORIAL SEAS

Hon. Lowell Murray (Leader of the Government): While I am on my feet, Senator Stewart asked me a question last Wednesday concerning our expectations as to the date when the judgment would be rendered in the Canada-France Maritime boundary dispute. I stated that the latest advice we had from our advisors was that the judgment would be rendered toward the end of February or early March. Yesterday I had a chance meeting with one of the ambassadors who is involved in that matter. He told me that within the past week we had been advised that a judgment is not now expected before the month of May. I thought I should put that on the record in view of the exchange that Senator Stewart and I had last Wednesday.

Hon. John B. Stewart: Honourable senators, I certainly thank the Leader of the Government in the Senate for that reply. I wonder whether the person with whom he was talking indicated any explanation as to this important delay.

Senator Murray: No. He simply described it as slippage.

TRANSPORT

PORT OF CHURCHILL, MANITOBA—STATUS OF FACILITIES

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is with regard to the Port of Churchill. Back in early December, the Minister of Transport, the Honourable Jean Corbeil, said that he would be making a decision early in the new year as to what was to happen to the

Port of Churchill. He is quoted as saying specifically "... if the decision is to do some work to keep the port and the railway line operating, we will have the necessary time to do so before the next shipping season." We are now approaching the month of March. He said he would announce his decision early in the new year. Can the minister indicate when we may have an announcement?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall have to ask Mr. Corbeil, and I shall report to the house as soon as I have heard from him.

[*Translation*]

TRANSPORT

NEGOTIATIONS FOR SALE OF MONTREAL AIRPORTS BEFORE ADOPTION OF BILL C-15, AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have another question for the Leader of the Government in the Senate. It concerns an article that appeared in *Le Devoir* on February 11, under the headline: Dorval and Mirabel soon to change hands. Considering that Bill C-15, which is now before the Senate, has yet to be adopted and the government has been marking time on this bill for several weeks, I was very surprised to hear that agreements are being finalized with the Montreal group. It seems they are ready to proceed. There are a few details on the agreements, but there seems to be no reference in the agreements to the problem we, and more specifically Senator Frith, raised with respect to language.

Is the government negotiating before the bill is passed?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I hope to have something to say in this respect in a week or two.

[*English*]

ANSWERS TO ORDER PAPER QUESTIONS TABLED

MARKETING OF SEAFOOD PRODUCTS

NATURE OF FEDERAL-PROVINCIAL FUNDING

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 2 on the Order Paper—by Senator Marshall.

ATLANTIC CANADA OPPORTUNITIES AGENCY

LIST OF AQUACULTURE PROJECTS FINANCED OVER PREVIOUS FIVE YEARS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 16 on the Order Paper—by Senator Marshall.

ATLANTIC CANADA OPPORTUNITIES AGENCY

ACTION LOAN PROGRAM—STATUS OF APPLICATIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 19 on the Order Paper—by Senator Marshall.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question raised on December 3 by the Honourable Senator Grafstein regarding the tabling of Canada-Soviet agreements and treaties.

UKRAINE

REQUEST FOR TABLING OF CANADA-SOVIET AGREEMENTS AND TREATIES

(Response to question raised by the Hon. Jerahmiel S. Grafstein on December 3, 1991)

Ukraine, along with Russia and the other successor states of the Soviet Union, has stated numerous times its commitment to fulfill the international obligations, treaties, and agreements of the former Soviet Union. Canada starts from the position that Ukraine has succeeded to all bilateral treaties between Canada and the USSR, except for those which by their nature— treaties relating to the establishment of diplomatic and consular relations with the USSR, for example, or treaties dealing with the site of our Embassy in Moscow—cannot apply to Ukraine.

During the Secretary of State for External Affairs' January 27 visit, Ukrainian authorities expressed their desire for a general review of all these remaining treaties. Certainly some Canada-USSR treaties, which are presumed to remain in force between Canada and Ukraine, will be the subject of discussions between Canada and Ukraine in order to negotiate adjustments necessary to address changed circumstances, or even to agree to allow certain treaties to lapse. The Air Transport Agreement, for instance, will likely require renegotiation. The Arctic Cooperation Agreement is an example of a treaty which may be regarded as not being applicable to the new circumstances.

The general principle will be that Ukraine succeeds to Canada-USSR treaties, subject to negotiations between Canada and the Ukraine to identify treaty provisions which changed circumstances have left inapplicable.

Following is a list of treaties presumed in force between Canada and Ukraine which will be examined by Canada and Ukraine to identify requirements for renegotiation:

Agriculture

Agreement on Agricultural Co-operation

Moscow, September 26, 1981

Entered into force September 26, 1981

Amended:

December 12, 1967

February 1, 1973

November 20, 1989

Air

Air Transport Agreement

Ottawa, July 11, 1966

Entered into force July 11, 1966

Arctic

Agreement on Cooperation in the Arctic and the North

Moscow, November 20, 1989

Entered into force November 20, 1989

Commerce

Trade Agreement

Ottawa, February 29, 1956

Entered into force:

Provisionally: February 29, 1956

Definitively: May 26, 1956

Claims

Protocol in respect of the Claims for Damages caused by the Satellite "COSMOS 954"

Moscow, April 2, 1981

Entered into force April 2, 1981

Consular matters

Exchange of Notes concerning Consular Matters

Moscow, July 14, 1967

Entered into force July 14, 1967

Culture

Agreement concerning Audio-Visual Relations (with Protcol)

Moscow, November 20, 1989

Entered into force November 20, 1989

Defence

Agreement concerning Visits on Military Matters

Moscow, November 20, 1989

Entered into force November 20, 1989

Economic Co-operation

Long Term Agreement to Facilitate Economic, Industrial, Scientific and Technical Cooperation

Ottawa, July 14, 1976

Entered into force July 14, 1976

Environment

Agreement concerning Environmental Cooperation

Moscow, November 20, 1989

Entered into force November 20, 1989

Exchanges

General Exchanges Agreement

Ottawa, October 20, 1971

Entered into force October 20, 1971

Fisheries

Agreement on Mutual Fisheries Relations

Moscow, May 1, 1984

Entered into force May 1, 1984

Navigation, Defence

Agreement concerning the Prevention of Incidents at Sea beyond the Territorial Sea

Moscow, November 20, 1989

Entered into force November 20, 1989

Nuclear

Agreement for Cooperation in the Peaceful Uses of Nuclear Energy

Moscow, November 20, 1989

Entered into force November 20, 1989

Exchange of Notes constituting an Agreement on Nuclear Cooperation involving the Enrichment of Uranium

Moscow, November 20, 1989

Entered into force November 20, 1989

Provinces

Agreement on Cooperation between Canadian Provinces and the Republics of the USSR

Moscow, November 20, 1989

Entered into force November 20, 1989

Science

Agreement concerning Cooperation in the Industrial Application of Science and Technology

Moscow, January 27, 1971

Entered into force January 27, 1971

Agreement on Co-operation in Space Research and the Use of Outer Space for Peaceful Purposes

Moscow, November 20, 1989

Entered into force November 20, 1989

Taxation

Agreement for Avoidance of Double Taxation of Income

Moscow, June 13, 1985

Entered into force October 2, 1986

Wheat

Agreement on the Supply of Grains

Ottawa, October 2, 1986

Entered into force October 2, 1986

[Senator Lynch-Staunton.]

VETERANS AFFAIRS

QUALIFICATION OF VETERANS FOR WAR VETERANS ALLOWANCE

Hon. Jack Marshall: I wonder if I could raise a point of order on an answer to my question number 18. I asked for a list of all Canadian veterans who took up residence in foreign countries, returning to Canada only to spend 12 months in order to qualify for war veterans allowance in the past ten years. The response was that the information is unavailable, and even if it were available, since it constitutes personal information it could not be released in accordance with the *Privacy Act*.

Honourable senators, I find this strange. In 1984, eight years ago, I put a similar question on the Order Paper and received all the information that I wanted. Numbers 1 and 2 in the series of questions I asked at that time was: How many applications have been received by the Department of Veterans Affairs for war veterans allowances during the past year, and how many were willing or able to return to Canada to fulfill this 365 day residency requirement, and, second, how many had to refuse to return to Canada as a result of illness. The reply by the then Minister of Veterans Affairs on Number 2 gave me a list of all the countries with the number of veterans, amounting to 423 and 16 countries. The answer to question number 2 was that 15 applications were received; that 13 veterans were willing to return to Canada to fulfill the 365 day residency requirement, and that two applicants cited health as their reason for not returning to Canada for the qualifying period.

● (1440)

I know that the *Privacy Act* had probably not been enacted in 1984. However, I wonder about the change, and the fact that I could get an answer in 1984 but cannot get an answer today. Perhaps if I become an elected senator I may get an answer.

Is there a response from the Leader of the Government?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to investigate the situation described by the honourable senator. I shall do so and see what reply may be given to him.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1991

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator MacDonald (Halifax), for the second reading of Bill C-35, An Act to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature therein and to repeal certain provisions thereof that have expired or lapsed or otherwise ceased to have effect.

Hon. P. Derek Lewis: Honourable senators, as Senator Nurgitz stated on moving second reading of Bill C-35, the object of the bill is "... to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature therein and to repeal certain provisions thereof that have expired or lapsed or otherwise ceased to have effect." In effect, it is an omnibus procedure which obviates the necessity of having many individual and separate amendments to many statutes.

The procedure for this type of omnibus bill was settled on in 1975 and has resulted in *Miscellaneous Statute Law Amendment Acts* in 1972, 1978, 1981, 1984 and 1987. Under the procedure adopted, individual departments of the federal government bring forward to the Department of Justice proposals or requests for amendments, corrections or repeals of their relevant statutes. The Justice Department, after consultation with the particular departments, prepares those requests in the form of proposals for eventual inclusion in a bill.

When those proposals are brought forward they are tabled simultaneously in both the House of Commons and the Senate. A committee of each house will in turn study the proposals and agree, disagree or make changes in each individual proposal. Upon adoption of the reports of these committees by each house, the Department of Justice prepares a bill based on and incorporating the proposals as accepted by both houses. The bill is then presented and dealt with in the usual way. Bill C-35 is a result of this procedure and, as Senator Nurgitz has said, it is the sixth time such procedure has been used.

You will note that the proposals upon which this bill is based were tabled in both the House of Commons and the Senate on February 15, 1990. Following this, the proposals were considered by the Justice and Solicitor General Committee of the House of Commons. After much study by the Commons committee, the proposals were, on June 19, 1990, referred to the Senate committee on Legal and Constitutional Affairs.

The Senate committee report on the proposals was tabled in the Senate on February 28, 1991. Bill C-35, based on the findings of these two committees, was subsequently drafted and given first reading in the House of Commons on October 4, 1991, and received third reading there on February 7 of this year.

One may wonder at the time period involved in this process. But, if one considers that the original proposals involved amendments to some 90 statutes, it is obvious that considerable time was required in their scrutiny by the committees of both houses let alone the time needed for drafting and redrafting.

Senator Nurgitz has already paid tribute to the work performed by Senators Neiman, Beaudoin and Stanbury as a subcommittee of our Legal and Constitutional Affairs committee in giving close examination to the proposals. I am sure all senators endorse that tribute.

I would like to repeat by way of emphasis what Senator Nurgitz said earlier concerning the understanding upon which the procedure for dealing with the proposals is based, in that if any individual member of a committee of either house objects to a proposal then that proposal is withdrawn from consideration and is not included in the bill when ultimately presented. There were, in fact, objections in committee to various of the proposals. Senator Nurgitz has assured us that Bill C-35 does not include any proposal to which members of the committee objected.

Apart from the matters to which specific objection was taken, there were some provisions in the proposals which in committee raised some concern as either being potentially controversial substantive amendments or financial expenditures. After we heard the officials, however, these matters were resolved to the satisfaction of the committee and the proposals as amended were recommended.

The procedure followed for this type of bill is very useful and, as you can see, provides, and did provide, a means whereby the proposals on which the bill is prepared can be, and in this case were, thoroughly studied and made acceptable.

In view of the consideration in depth already given to the proposals on which the bill is based, it might seem reasonable that it proceed to third reading without the necessity of again being referred to committee.

However, I think full consideration should be given to whether in fact the bill does conform to the proposals agreed upon and does meet the criteria for such an omnibus bill.

Referring to those criteria in the report of the Legal and Constitutional Affairs committee, which was filed on February 27, 1991, the committee set forth the criteria which the Department of Justice has established. Those criteria were that a proposal must not, one, be controversial; two, result in public expenditure; three, prejudicially affect individual rights; four, create a new offence or expose a group of persons to an existing offence.

I must draw to the attention of honourable senators a matter upon which they might like to reflect and upon which specifically members of the former subcommittee that studied the original proposals at some length might feel they need to comment.

First, I should point out that although the main provisions of Bill C-35 appear to be substantially in conformity with the proposals approved by your committee, an addition in fact has been made which was not before the committee when it considered the proposals. If honourable senators look at page 53 of the bill, they will see that Part III covering clauses 157 to 162 inclusive provide for amendments to six bills which at the time of introduction of Bill C-35 had not been enacted. What Part III attempts to do is it proposes amendments to bills which were not, at that stage, passed in either the House or the Senate.

• (1450)

Since that time, of those six bills, four have since been assented to. They were assented to in December past before the House of Commons gave third reading on February 7. There are still two remaining bills at various stages in the legislative process in the House of Commons. You have the situation where this bill purports to propose amendments to bills which have not reached here.

On debate in the House of Commons this matter was raised as a point of order as to whether it was proper under Bill C-35 to be entertaining amendments to bills still under consideration. The Honourable the Speaker of the other place ruled that, from a procedural point of view, Part III of Bill C-35 was properly before that House. He posed suggestions as to how to deal with the problems that arise. This was resolved when the House proceeded with third reading.

I bring this matter to the attention of honourable senators mainly as a matter of principle, in that Part III of the bill raises matters of amendment which were not before the committee that studied the proposals. You will recall that the whole objective of the procedure was that the proposals would be studied by a committee, which would report, and then the bill would come forward. In actual fact, however, Part III of the present bill was only put in after the bill was prepared. It was not included in the proposals. Hence, in fact, the amendments contained in Part III have not received the approval of any committee of this chamber. Even though the proposed amendments in Part III may not be substantial or controversial and may only be consequential, it is possible that members may think otherwise. It is a question of form, too.

Honourable senators, I feel we need assurance that this bill does in fact conform to the proposals as recommended. Also, consideration should be given to the inclusion of Part III of the bill when our committee had not had an opportunity to raise prior objection or to question the appropriateness of its effect or its inclusion. Such procedure would of course seem to contravene the procedure which has hereto been followed since 1975 for this type of statute law amendment act.

Also, it may be that some members may wish to raise questions as to some of the items that have been included in the bill which they consider to be too substantial or going further than the criteria suggest.

Accordingly, rather than proceed to third reading, as Senator Nurgitz proposes, I suggest that this bill be referred in the usual manner to a committee of the Senate for study and report.

The Hon. the Speaker: If Senator Nurgitz speaks now, his speech will have the effect of closing the debate on second reading.

Hon. Nathan Nurgitz: Honourable senators, I thank senator Lewis for the careful consideration he has given this matter. I think for the particular reasons he enunciated at the end dealing with the last part of Bill C-35—that is, those matters which were not before the subcommittee or the committee—it may be a good idea to have the entire matter back before the committee.

I see that Mr. Lovgren of the Department of Justice is watching our proceedings. He will be aware of what our main concerns have been. We will convene the committee reasonably soon.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal And Constitutional Affairs.

CANADA ASSISTANCE PLAN

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. William M. Kelly moved the second reading of Bill C-32, to amend the *Canada Assistance Plan.*

He said: Honourable senators, I rise to speak to Bill C-32, an act to amend the *Canada Assistance Plan.*

I am pleased to say that this bill is relatively simple and straight forward. Its purpose is to implement one component of the budgetary restraint measures announced by the former Minister of Finance in his budget of February 26, 1991.

The Canada Assistance Plan requires joint federal-provincial funding on a 50-50 base with eligible provinces for qualifying expenditures. Qualifying expenditures include costs incurred by provinces—and municipalities—in providing social assistance and welfare services to people in need and expenditures for approved work projects.

The budget statement of 1990, however, announced a limit on federal *Canada Assistance Plan* payments to provinces of 5 per cent per year, using fiscal year 1989-90 as the base. That limit applied to fiscal years 1990-91 and 1991-92 and was implemented through the *Expenditure Restraint Act*—known as Bill C-69—passed by Parliament last February. The bill before us today simply extends that limitation for three more fiscal years, namely 1992-93, 1993-94, and 1994-95.

Senators will note in the proposed amendments to section 5.1 of the act that the limits apply to actual "entitlements", not to cash "payments". This is the best way to ensure actual costs calculated for the base year and the years after accurately reflect actual expenditures incurred by the provinces in those years. Entitlements, as opposed to actual payments, cover costs in respect of services and assistance provided, even if the cash payments to cover those costs come from the federal or provincial government in another year.

Furthermore, senators will note the rather complex formula for calculation of payments set out in the amendments to subsection (b). The effect of this formula is to make the 5 per cent annual *Canada Assistance Plan* payment cumulative. In other words, if the increase in federal transfers to a province is only 3 per cent in a given year, the limit for that province applying to the subsequent year is 7 per cent—actually slightly in excess of 7 per cent when the escalator in the formula is applied.

Using the formula set out in subsection (b), the federal government can easily compute the maximum amounts payable to the provinces under *Canada Assistance Plan* each year. This obviously enhances fiscal certainty for the federal government in its budget planning, even though it is potentially more costly to the federal government in cash terms.

The formula is also to the provinces' advantage, because if there is a shortfall in a given year below the limit, the province will not "lose" the difference, but instead may be able to apply it to a subsequent year.

As senators are aware, in practical terms this bill will apply only to the provinces of Ontario, Alberta and British Columbia. These are the only provinces that do not receive equalization payments and are, therefore, eligible for *Canada Assistance Plan* transfer payments.

In dollar terms, the Department of Finance has calculated or estimated that C-32 will result in payments to Ontario capped at $2.42 billion in 1994-95 compared to $1.99 billion in 1991-91; $872 million to British Columbia in 1994-95 compared to $717 million in 1990-91; and $653 million to Alberta in 1994-95 compared to $538 million in 1990-91. Honourable senators, the arguments supporting the measure proposed by C-32 have already been explained and debated by the Senate in the context of Bill C-20. I do not intend to repeat those arguments here except to reiterate that federal-provincial transfers cannot be exempted from the federal government's budgetary restraint and deficit reduction thrusts.

• (1500)

Senator Frith: Nothing is sacred in that department.

Senator Kelly: Not where restraint is concerned, Senator, no.

Since 1984-1985, federal *Canada Assistance Plan* contributions have increased at an annual rate averaging about 7 per cent. Over the same period, total federal program spending has been brought down to an annual average of 3.7 per cent.

To me, this is a very clear illustration of an unequal sharing of the burden of fiscal restraint. Bill C-32 and its companion C-20 and their predecessor C-69 seek to redress that balance. Even after implementation of C-32, federal transfer payments under the *Canada Assistance Plan* will continue to grow at a rate higher than that for federal programs generally.

As I indicated earlier, the proposed amendments to the *Canada Assistance Plan* were part of a budgetary restraint package announced last February by the former Minister of Finance. Three of these measures were implemented through Bill C-20. The amendments to the act were split off because the federal government's ability to limit its *Canada Assistance Plan* payments unilaterally was the subject of a court challenge. The challenge was based on the transfer limits set out in Bill C-69, but obviously would apply equally to those proposed in this bill.

The essence of the court challenge, mounted by the Government of British Columbia, was as follows:

Section 5 of the *Canada Assistance Plan* establishes open-ended 50-50 federal-provincial cost-sharing for eligible expenditures.

Section 8 of the *Canada Assistance Plan* governs the amendment or termination of any agreement entered into under the act. The federal government held that this section gave it the statutory authority to amend, unilaterally, the *Canada Assistance Plan* agreement.

British Columbia challenged the federal position in the courts, supported by Ontario and Alberta. The B.C. Court of Appeal found in British Columbia's favour.

That decision was subsequently appealed by the federal government to the Supreme Court of Canada and, in a unani-

mous judgment rendered on August 15, 1991, the Supreme Court overturned the previous decision and held that the federal government did indeed have the power unilaterally to amend the funding provisions applicable to the *Canada Assistance Plan* under the agreement with the provinces.

Honourable senators, that concludes my remarks on Bill C-32. Since another budget is almost upon us, I think it is incumbent upon us to move this bill forward as quickly as possible. I therefore commend it to the Senate's consideration.

On motion of Senator Frith, debate adjourned.

SENATE REFORM

MOTION TO APPROVE THE PRINCIPLE OF AN ELECTED SENATE REFERRED TO COMMITTEE OF THE WHOLE

On the Order:

> Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Hébert:
>
> That the Senate of Canada agrees with the principle that the Senate be reformed, by making it an elected body with sufficient membership and power to effectively represent the people of Canada in all regions of our land.—(*Hon. Senator Marshall*)

Hon. Jack Marshall: Honourable senators, although I cannot speak on this matter today, I am willing to allow anyone else to take up the cause.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I thank Senator Marshall. Following the discussion we had on this item last Wednesday, it was agreed among a number of us on both sides that perhaps the debate would take on a better flavour if we resolved ourselves into a Committee of the Whole, which would allow more flexibility in the number of times a senator might intervene in the debate. Whereas our regular rules allow only one main speech and no repeat appearances, at least in Committee of the Whole one can intervene. Respecting the time, there is also unlimited ability for a senator to participate in the debate.

Discussions have been held on this suggestion between the Deputy Leader of the Opposition and myself and other colleagues. It has been agreed to suggest this to the Senate today. It will be agreed that, if we go into Committee of the Whole, it will be simply to take advantage of the rules governing the use of times by individual senators. We would not call witnesses. We would not move amendments. We would not take a vote. We would not even have a report. It is strictly a question of using the rules regarding time to have a better and more frequent exchange of views on this topic of great importance to senators and any who are very interested in Senate reform.

I would also suggest that we informally agree to limit the exchange to an hour or so each day for perhaps four days. After that, we will see how well we are succeeding.

[Senator Kelly.]

That is the proposal. I would hope that the Deputy Leader of the Opposition would agree that my interpretation of it is accurate.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, after I introduced the motion last week, in light of what transpired subsequently in the multiplicity of questions back and forth, it occurred to me that we might get more value in the debate by, indeed, having an easier forum.

I spoke then to the Deputy Leader on the other side suggesting that we were prepared to move a motion that the subject matter be referred to Committee of the Whole. This is the outcome.

What he has outlined is accurate, as far as I am concerned, except for one matter. I would want, in the final analysis, that the motion itself, which I have proposed, be voted on when it comes back from Committee of the Whole to the House. I am not asking for anything beyond that. Let the Committee of the Whole proceed openly. I think that is how we will get the most value out of this discussion. Senator Olson is prepared to move the motion, if that is what is required.

Hon. H. A. Olson: I move that this motion be referred to Committee of the Whole.

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

Hon. Senators: Agreed.

Motion agreed to.

CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the motion, the Honourable Senator Nurgitz in the Chair.

The Chairman: Honourable senators, we are now in Committee of the Whole on this subject matter. Senator Olson, you will begin and will be followed by Senator Di Nino.

Senator Olson: Honourable senators, I am very happy to have an opportunity to say a few words about Senate reform, particularly because the Renewal of Canada conferences that were dealing with this subject have now completed their consideration of Senate reform. Senator Molgat has made a very important motion so that this subject could be debated. I have to say, though, that I was surprised when he made the motion and then followed it by saying he did not have any firm views on the matter. However, he repaired that the next day by saying he did have some views on it.

I think it is useful then that we have this debate briefly and for several reasons. One is that we need to look a little while at the recommendations that came out of the five conferences, and, more particularly, the conference in Calgary which was supposed to deal with Senate reform. It did not deal exclusively with Senate reform, and the conferences then began to deal with a whole variety of things rather than the designated theme or subject matter which had been assigned before they began.

We need to look particularly at the suggestions for Senate reform, because, as has been reported in every newspaper in Canada, everybody is in favour of an elected Senate now. I am not in favour of an elected Senate. I know that it is unpopular to say that. All senators in Canada—indeed the whole Parliament of Canada, including the House of Commons and the cabinet—have to live with the consequences of what they do.

• (1510)

Anyone saying that you can have an elected Senate and also a non-partisan Senate is living in a dream. Anyone who will get elected to the Senate will run a campaign. We know who will be the leaders in the campaign. It will be the existing political parties, with perhaps the exception of the NDP, because they would just campaign every time to have it abolished, I suppose. Even then I would be willing to bet quite a bit that they would be in there promoting candidates for an elected Senate, at least before the second election came by.

So we have to give that indication to all the good, sincere, honest people who were at the conferences. I have to qualify that a bit, because there were a lot of ordinary Canadians there—atleast that is what they called themselves. There were at least as many facilitators present, or whatever you call them, when you went to those meetings. They were managed conferences, every one of them.

The only conference I spent a long period of time at was the one in Calgary, but I watched very carefully. One of the problems with being around too long—and I have been in Parliament more or less for 34 years—is you get to know a lot of people in various parts of the government structure, including the senior bureaucrats. I guess they were there because they believed that someone had to attend and that there was grave danger to Canada if we did not do all the things that are necessary, first, to satisfy Premier Bourassa's problems, whatever they are. He is looking for some kind of offer, I guess. But then I hear this from some of the knowledgable people—including the Senate co-chairman of the committee—and I will paraphrase it: quit playing around with what it is that Quebec wants. They want the division of powers amended, period. If you do not deal with that, then you have nothing to offer to Premier Bourassa that will be satisfactory for his purposes.

Perhaps that is true. I am not sure that that is true from my own observations, because I hear about "distinct society" and so on—and I am not arguing with that. It is extremely important that we do find a way of putting together a package that will allow Quebec and the Government of Quebec and the leaders in Quebec to recommend that they stay in Canada. I have no quarrel with that at all, but we should not allow the debate to go on any longer without being honest.

We who have been in the Senate and around Parliament for a long time have to spell out the rest of the details. Some people at the conference in Calgary more or less took charge of the situation and demanded that their group—and some of them were not minorities either—receive certain concessions. The leader of the National Action Committee on the Status of Women was there. She demanded some method be found to ensure that at least half the senators would be female. I have no problem with that either, if they want to get out there and run—and I am sure there are enough competent women out there to do it. But they wanted a guarantee—something in there that would guarantee that it be done. I can think of a very simple way of doing it. Have all the constituencies in Canada receive nominations for one female and one male to be elected from each riding, so that you vote separately for both of them. That is not complicated, if that is the way you want it.

Senator Barootes: That is like Noah's Ark.

Senator Olson: It would be like Noah's Ark, where there was a pair that came from every species.

Honourable senators, we have to let people know that we do not need a duplicate of the House of Commons. When you say that you will have an elected Senate and have it non-partisan and all of that, that is not the way that it will turn out.

Therefore, honourable senators, I am not in favour of an elected Senate because the Senate performs a good function for the people of Canada now, one that I do not believe it could perform if senators were elected. The Senate does give some sober second thought some times. We gave quite a long, sober second thought to the GST once. However, that performance should perhaps not be repeated. I happen to believe also, having been both in the House of Commons for a few years and here, and having spent a few years in the cabinet, that the Senate should not govern Canada. That is the job of the elected members. It is the job of the elected members to set up the programs and the policies.

Senator Stewart: That is a bureaucracy job; you know that.

Senator Olson: It is part of the bureaucracy. You have to go with this one stage at a time. You elect the members of the House of Commons first, then you set up the executive. That is the way that we have been doing it. It is not a bad system in some respects. You get some people in that executive once in a while who miss-manage the whole thing–I know that that is correct—but then you get a chance a few years later to get rid of them.

We will have a chance to do that fairly soon. Most people, even on the other side, believe that there will be a significant change—that is, if you believe the Gallup Polls. You do not need to believe the Gallup Polls; all you have to do is believe what you hear people tell you.

Senator Barootes: If we believed the Gallup Polls we would not need elections.

Senator Frith: That is not a bad idea; the Barootes formula.

Senator Olson: I do not usually support everything that the Government of Alberta advocates, but now they are saying, "You give us a Triple-E Senate or we will not sign anything. We will not sign the package." Premier Wells of Newfoundland has said the same thing.

Do I have one minute left? It says 15 minutes. I can only speak for 15 minutes.

Senator Frith: In Committee of the Whole?

Senator Olson: There is a rule for this.

Senator Frith: What is the point of bringing it to Committee of the Whole? I thought that was the whole idea.

• (1520)

The Chairman: The rules say that no senator shall speak for more than ten minutes at any one time. The difference is that he can speak many times for ten minutes.

Senator Olson: I will wind up my remarks in any event because I have already delivered the main burden of them.

We have a very heavy responsibility to explain the real world to some of the so-called ordinary people who did not give any clue what the rest of the concrete proposal would be in order to meet the demands that they made in very abstract terms.

One other thing is that everywhere you go the people want a nonpartisan Senate, or a less partisan Senate. I support that. We should restructure the Senate according to regions and interest groups rather than by the old political parties that everyone is so annoyed with. If we were to set up a new structure that is not along the lines of the traditional parties in order to enable the Senate to do what it was designed to do—that is, represent the regional interests from time to time—then the Senate would not be criticized as much as it has been in the past, and we would be able to do what the Fathers of Confederation intended; that is, to take the regional interests into account. Then the government would not need to worry about having its programs passed by the Senate. I thank the honourable senators.

Senator Frith: Honourable senators, good afternoon. Now you can start again. Go ahead.

Senator Grafstein: Can I ask the honourable senator a question? Is it fair to say that the source of popular vote in existing federal structures comes from Alberta because Albertans believe that the existing federal structures do not represent their viewpoints, therefore they call for more representation through an elected, equal Senate? How do you explain that when the party in government represents Alberta, and probably the most powerful set of ministers now come from the province of Alberta? Why is it that, notwithstanding the fact that the province is represented by the government in power, the most powerful cabinet ministers, aside from the Prime Minister, come from Alberta? In effect, that province is over-represented in the federal system and still it is not happy. Why is Alberta still unhappy?

Senator Molgat: Mr. Chairman, on a point of order, there is no sound system.

Senator Barootes: That is a blessing.

Senator Olson: Honourable senators, I will try to speak loud enough for you to hear.

There are two answers to the question that Senator Grafstein has asked. One reason that they advance has something to do with the National Energy Program.

Senator Barootes: Now you have it.

[Senator Frith.]

Senator Olson: At least, that is what the government of Alberta says. Of course they do not tell the rest of the story, which I suppose is normal. But it goes back further than that. It goes back to the 1930s, before even I, as old as I am, entered politics. They had about the same reason for establishing the Social Credit Party. By the way, Senator Barootes will recall that that party lasted for 36 years.

As a matter of fact, they set up the CCF party at the Paliser Hotel in Calgary. That party lasted quite a while in Saskatchewan, but they were unhappy because they sincerely believed that the numbers game whereby Ontario, for example, had more members than all four provinces in western Canada, was unfair. However, one of the flaws in that argument—and they say it in Alberta, although I am not sure they say it when they get down here—is that they want the Senate to be a Triple E Senate. The Es stand for "elected", "effective" and "equal".

We are having lots of trouble with the third E, the "equal" one. I predict that they will have a whole lot more trouble with the second E, the "effective" one. When they promote this scheme out there, they say that the Senate has to have enough power to deal with the House of Commons, which is elected on a "rep by pop" basis, and thereby Ontario, and to some extent Quebec, have too many members so they get their way in that chamber. That is the reason for it.

To be more specific, why is that argument not legitimate now? The senior minister, the Deputy Prime Minister and Minister of Finance—and I do not know how you can get any more senior than that—is from Alberta. Mr. Clark, who was Minister of External Affairs, is also a very senior member in the cabinet. Then there is Mr. Harvie Andre who is House Leader. That is a senior position, too. When you want to get bills through the House of Commons, you have to persuade him to do it. That is his job.

Frankly, they have not done a very good job of persuading Albertans that they do have something to say. You say that there is another problem and I know there is some truth to this. Ontario and Quebec still have more members than the West, no matter how you count or from where the ministers come.

Senator Frith: Mr. Chairman, do I understand that this ten-minute limit applies to a senator standing and speaking in Committee of the Whole, but it only applies to the extent that he can only speak once at any one time and that it does not cover answering questions?

The Chairman: My understanding is that it does not apply to answering questions.

Senator Frith: Very good. Senator, do you have anything else to say?

The Chairman: Senator Olson, we are still without sound and, as a result, we are without translation, which is even more important. I think Senator Olson can easily be heard, but I think the other problem is more fundamental.

Senator Molgat: If there is no translation I think that, under the laws of Canada, we cannot proceed.

Senator Frith: We can note that when we left off I had asked Senator Olson if he had anything else to say.

The Chairman: Yes.

Senator Phillips: And he said no.

The Chairman: Do honourable senators agree that we should adjourn? I am informed that there is a technician on the way. Perhaps we could adjourn for half an hour.

Senator Barootes: Half an hour?

The Chairman: Ten minutes?

Senator Grafstein: Can we take five?

The Chairman: We will adjourn until approximately four o'clock and hopefully this problem will be resolved.

The Committee of the Whole adjourned during pleasure.

• (1530)

At 3:30 p.m. the Committee of the Whole resumed.

The Chairman: Honourable senators, if we can reconvene. We are informed by staff that our sound system, and accordingly the translation, is operative. Therefore, we should proceed. The item we had agreed we would return to as soon as we reconvened was the question from the Leader of the Opposition to Senator Olson, if he can remember it.

Senator Frith: I will repeat it. My question was: Do you have anything else to say, senator.

Senator Di Nino: And you said no.

Senator Olson: I did not say no, because I have something that I regard as very important to say. I have a few notes. I could not get everything in in the first 10 minutes. Mr. Chairman, I promise that I will not impose or take advantage of the goodwill that has been expressed here.

One of the things I wanted to say, and I should say it now, is that my impression of these constitutional conferences, gleaned from some of the people who have been to them, is that they are a bit addictive. They go to a couple of conferences and they want to keep on going. Now that the conference process has been completed, they will turn things over to the politicians to bring down the concrete proposals based on the more or less abstract recommendations that were made at the conferences. However, they want to see what the politicians might put in there before they let go. For example, Shelagh Day of the National Action Committee on the Status of Women says, "Now that we're here and we're included, we're not proposing to go away." They want to see the concrete proposals for Senate reform and for all the other propositions that have come out of these conferences.

Another person was quoted in the *Ottawa Citizen* of February 17, Robert Keaton, President of Alliance Québec: "Any politician who would ignore the will of the public to be involved all the way to the end would do so at great peril". That means the people want to be involved. We have a responsibility, and I say this very sincerely, to write a set of proposals. I think it is nearly impossible, but we have to try to put together a concrete set of proposals out of these abstract recommendations. However, as soon as you get into concrete things, that is when the agreement starts to come apart.

There is another important part to this whole thing. We have to try to write a package of proposals that Premier Bourassa can accept. Once we get to the stage where he can say, "Well, this is a reasonable proposal and therefore we will stay in Canada"—after the question of the referendum and all that—then we have to get it past all the other premiers, or at least seven of the ten. Don Getty, Premier of Alberta, has said "No constitutional package would be acceptable without a Triple-E Senate ". So all the things I was talking about a few minutes ago have to be there or he will not go along. Premier Wells of Newfoundland has not been quite so emphatic, but he agrees.

On the other side, Premier Bob Ray of Ontario said on January 18, "A Triple-E Senate, stated baldly, is not acceptable to Ontario ". We have to find some reconciliation on these issues and we have to make sure that we at least try to put together a package that all the provinces can accept and live with. If we do not, then all these dire predictions about Canada coming apart, I suppose, will continue to be a problem.

I certainly do not want that to happen, but I have to say this, and I am not talking just about Senate reform but about the whole package: I think it is time that we in this Senate moved out there and did some public education so that we, too, had a package. What we have, if I may say so, is really not very specific or concrete. Somebody has to make it that way.

Hon. Wilbert J. Keon: Senator Olson, could I ask you to expand further on some alternatives to an elected Senate? Other models exist around the world and there are some models that society has used for other important appointments, for example, university presidents, et cetera. I agree that an elected Senate in the simple sense could cause some serious problems in the governance of our country. It seems to me also that there is potential for the selection of some excellent people who could satisfy some of the needs and concerns that Canadian society is expressing now, if we could use some medium for selecting these people and remove it from the traditional way of having people appointed by successive Prime Ministers. Could you address that point?

Senator Olson: Honourable senators, I have looked at various models around the world: the Australian model, the Bundesrat in Germany and even the Senate in the United States. Frankly, I have not seen one that I would recommend over the Canadian Senate. That is not to say that there is not a problem with the method of appointment to the Canadian Senate. No Prime Minister has liked it, and the people do not like it. They think we have no legitimacy because we are appointed rather than elected.

However, I have to say that I think we can do some reform within the present structure whereby we would not get involved in becoming what would amount to a simple duplication of the House of Commons on an elected basis. Of course we could talk about several other means of electing senators,

such as by alternating or electing half every three or four years. Then we could talk about proportional representation or a single transferable ballot that is supposed to improve everything.

I want to make this answer short: We could look at all of them. If we restructured ourselves so that we effectively looked after the so-called regional representation responsibility, that would go a long way toward giving a higher level of legitimacy, if that is possible, to senators. I have to say also that I believe we can do it.

I realize, however, that there might be some problems with getting the government's legislative program through the Senate. In the government, I had some responsibility for this area sometimes. It was rather comfortable to have a majority behind you so that you could get the government's program through the Senate. If you did not have it structured that way, you would be wondering how you could do it. I think the solution is for senators to adjust their attitude. We are not here to superimpose ourselves or to ride herd—that is an expression, and I hope most of you understand what it means—on the House of Commons. That is what Alberta wants the Senate to do, and it will not work. At least, in my opinion it will not work.

● (1540)

I do not think there is a model that I have seen that is much better than what could be done here. I really believe the Senate has acted very responsibly, both when we were on that side and when the people on the other side were there. They did a few bad things with respect to the GST and that sort of thing, but I suppose we did, too, once in a while.

Senator Di Nino: Really? Tell us.

Senator Olson: I can see some of my colleagues are not agreeing that we should forgive them for that. I think even that attitude could be improved upon so that we would not stand in the way of an elected House of Commons and its executive arm getting their legislative program through. I think that could be done. We may have to get our foot in the door once in a while. That is what we are here for. That is what that sober second thought part means. However, I think that the other house is the one that is there to govern Canada.

Our job here is to make sure they obey the law and the rules, and stick to the rules from time to time. That was not reported properly in the press even when we went through the GST problem. One of the big problems was that they were breaking the rules here day after day. You all remember that. We could not put up with that.

I do not think there is another model, Senator Keon, that I know of that is working better than what we could bring out of here. Certainly, when we talk about a Triple-E Senate, the enormous transfer of power that would come to the Senate from the other place and from the executive and so on under such a scheme, I do not think is feasible.

I just want to conclude by saying this: If we were to accept the so-called Triple- E Senate with sufficient power to make it

[Senator Olson.]

effective, we would be creating a monster that I do not believe the people of Canada or the House of Commons would accept.

Senator Kelly: Would you permit one question, Senator Olson? Perhaps I could make two statements and ask for your reaction to them.

It could be said that the only way to preclude a Senate from entering into conflict, or 'riding herd', as Senator Olson expressed it, on the House of Commons would be by way of a suspensive veto. I think that would also probably radically change the partisanship. I am not suggesting the abolition of parties. They are and have been the mechanism for our social, economic, and political progression. However, it would ameliorate partisanship. My question is: Is there another means, except by way of a suspensive veto, of ensuring that such a situation does not arise?

Another question I will put to Senator Olson—

Senator Frith: How long?

Senator Kelly: How long? That could be debated. If one accepted the principle, then I suppose it is a question. Some people have suggested six months, others three. One would think it should be a reasonably long period of time, after which public opinion in the country could, if it wished, galvanize and put pressure on the elected house which would have the final word, so it could be six months. There might be instances where obviously a decision in the national interest would have to be made in a shorter period of time. However, the principle of the suspensive veto is certainly a possible one.

The other question arises from hearing a great deal of talk lately about the legitimacy or credibility of the Senate, and how it must be effective. For a lot of people, being effective seems to preclude the suspensive veto. My question is this: If there were a suspensive veto system, would it not be possible for the Senate to still be effective as long as it was understood that the effectiveness of the Senate did not lie in its ability to stop the government or to stop the House of Commons or to impose legal restraints or legal prohibitions, but in its moral authority? Perhaps there could be a system whereby a Senate might earn or gain a moral authority which might be just as valuable, or more so, than the absolute veto which in most things it now has?

Senator Frith: You are referring to an elected Senate in both cases?

Senator Kelly: Yes.

Senator Olson: I agree that a suspensive veto goes part of the distance, but I think the senator almost answered his own question when he said that there would be or could be a number of cases where even a six month suspension would be destructive to government and public policy.

I want to make one other point, because it is important. I am not arguing for the "E" that is effective in the Senate except within the confines of the authority that it ought to have, as I explained a few minutes ago. We are not here to govern the country. That function belongs in the other house. We are here to make sure that they obey the rules and that

they do not discriminate against a region. That is the point that Alberta was making.

However, I do not agree with that point of view. There are a great many things that will be written by the people who really know the history of the dispute between the federal government and Alberta respecting the National Energy Program that are not yet widely known They will become such. I am sure that will come out in time. However, that is what they wanted the Senate to do, and six months in that case, I suppose, would have made some difference, because there was such an outcry and there was such a change in the economic conditions respecting gas and oil, particularly oil, that occurred within a few months after the announcement was made on October 30, 1980, that most of the so-called National Energy Program, and all of the unfavourable factors contained therein, were never implemented in any event. That is just a fact of life. For example, the very high charge on what they call the throughput on natural gas that was supposed to be imposed all over the country, and was supposed to rise to 75 cents per thousand cubic feet, never materialized. It never got past 45 cents, and it backed right down to zero.

I am not arguing for this effective part. I think in your question you indicated that it was part of my argument. I do not think that we need to have real power that would be effective enough to get in the way of the House of Commons' bringing in the regular run of government policy as they have been elected to do. I do not think that at all. I know that is what Alberta thinks effective will mean, but I do not.

Senator Di Nino: Mr. Chairman, I would like to make a couple of comments on Senator Olson's presentation.

Firstly, I would like to inform him that on this issue, at least, we are in agreement. I also feel that an elected Senate would likely not serve the purpose for which this institution was set up as well as would an appointed body. However, I differ with him as to how the appointment of such a body should take place. From the research I have been able to do, the comments from people I have spoken with and those of some of my colleagues, I certainly agree that the election of senators would create a totally new set of problems which I do not believe the Canadian public has yet explored fully enough to be able to conclude that it would be beneficial for our bicameral system. I lean on the same side as Senator Olson in that I do not believe that an elected Senate would be as effective as it is under the appointed system.

• (1550)

The senator also talked of his concern that the conferences were controlled or structured. He and I attended the conference in Calgary. I would like to state that I do not believe that was the case. As a matter of fact, I was pleasantly surprised at the individual freedom of expression and the valuable contributions made by a variety of people from different walks of life. I am sure those senators who have also had the privilege of attending one or more of these conferences felt the same way I did. Many Canadians from many different walks of life participated, and publicly, as well as privately, expressed many opinions which were valuable.

I was a little surprised to hear from Senator Olson that this chamber is not here to govern Canada. If I have misinterpreted that statement, I would appreciate Senator Olson's correcting me on this. From the short time I have been here, it certainly appears to me that our colleagues, particularly those on the other side, have not always had that attitude.

Senator Olson mentioned the GST. That was certainly one instance where I would question the validity of Senator Olson's comment. One of the reasons I voted for the GST is precisely because I do not believe that this body is here to block legislation from the other place.

Having said that, I also realize and understand that this body has awesome powers. Traditionally it has not used them, but it does have awesome powers. If we were to use them, I would suggest that the primacy of the House of Commons would be affected. I do not believe that this body should have a primary role, at least in the traditional sense, and that the Senate and its role in the governance of our country should respect the primacy of the House of Commons.

Honourable senators, I also feel that this chamber should not be a confidence chamber. I do not believe that we should be able to bring down the government through any reform of the Senate, whether we are an elected Senate or a Senate which is appointed in some format.

We keep coming back to the principal purpose of this chamber, which is to represent regional and minority interests. Let me pick on the regional aspect for a moment. I have been here for a year and a half. Unless I have been omitted from the list, I have no knowledge of any Ontario caucus from both sides ever having met to discuss a regional issue. I was interested to read Senator Bosa's comments on Senate reform written several years ago where he also stated that, to his knowledge, there had never been a caucus of the different regions. I am not putting words in his mouth, but I believe he stated specifically that the Ontario caucus had never met to discuss issues of a regional nature.

Have we abdicated the responsibility which the Fathers of Confederation, and those who have looked at this issue throughout history, have said was one of our primary responsibilities to the people of Canada? That is a question that is foremost in my mind and it is a question we must address when talking about reforming this institution.

If this institution is charged with the responsibility of looking after regional interests then I suggest, honourable senators, that those of us from Ontario and those from Alberta and those from other regions of the country should be meeting on a regular basis to deal with those issues.

Over the past number of weeks I have consulted with a number of my colleagues on this side on the issue of Senate reform. I believe that these opinions are generally shared by some of my colleagues. If I throw in some of my personal thoughts, they will let me know later on and can correct me.

First, the issue of "effective". In my opinion, and in the opinion of many of those with whom I have consulted, this body needs to be more effective than it has been. At least, it

needs to be seen to be more effective than it has been. We are not seen as an effective body by the public. We are not seen as an effective body by the citizens of this country. To be effective, of course, one has to have powers.

When we talk about Senate reform, my opinion is that we should be talking about what we want this body to do before we talk about whether it should be elected, whether it should be appointed, whether there should be 24 from Ontario or 62 from Alberta. We come to the area of powers because to make the Senate effective it has to be given authority, and authority is power.

I believe that the constitutional proposals submitted by the Government of Canada have a fairly good definition of powers for the Senate and are a good beginning for discussion. As a matter of fact, except for a more restrictive definition on the issue of money matters, a definition that would make it impossible for the government of the day to suggest that any bill would be a money bill as long as it had a dollar amount attached to it, and except for issues such as a definition of the national interests and a definition of international affairs, the powers described in the constitutional proposals are fairly good.

Our chairman wishes me to conclude and I will respect that wish. I look forward to participating in this debate as the days go on and I hope that we can have a fairly good exchange from both sides.

• (1600)

Senator Frith: Obviously, senator, you are aware that the Fathers of Confederation in 1867 gave certain powers to the Senate. I am sure you are aware as well that it was not a casual matter. More time was spent in the debates at that time dealing with the Senate and its composition and powers than on any other subject, including distribution of powers between the provinces and the feds. So I hope you would agree that we can assume that the Fathers of Confederation, stupid though they may have been, at least did not do it casually. They looked at it.

Senator Di Nino: Agreed.

Senator Frith: Would you agree also that 115 years later, those powers were up again for constitutional amendment in 1982, and, except as to amendment of the Constitution, they were not changed?

Except as found in the Constitution, what is the basis for the principle of the primacy of the House of Commons?

Senator Di Nino: As far as I am concerned, senator, that is a relatively easy question to answer. The members of the other place present themselves periodically to the public.

Senator Frith: But you are in favour of not having an elected Senate.

Senator Di Nino: Yes, but let me finish. I believe that it is an authority which is bestowed upon them by the Canadian public, and they should have that authority respected by this chamber as well. That is why I believe in the primacy of the House of Commons.

[Senator Di Nino.]

Senator Frith: The powers that I am talking about were given to an appointed Senate.

Senator Di Nino: Yes, but if we are looking at reform, it does not mean that we should not be looking at a reform. I also have the opinion that, unless the Senate is reformed to such a degree that it becomes much more effective than it has been in the past, then we have to wonder what the purpose of continuing the Senate would be.

Senator Frith: I agree. In fact, I found your speech quite eloquent in support of the abolition of the Senate.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Nathan Nurgitz: The Committee of the Whole to which was referred the motion of the Honourable Senator Molgat respecting an elected Senate has made some progress thereon and asks leave to sit again.

The Hon. the Speaker: When shall the committee have leave to sit again?

Hon. Nathan Nurgitz: The committee requests leave to sit again at the next sitting of the Senate.

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

Hon. Senators: Agreed.

Motion agreed to.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO INCREASE MEMBERSHIP

On the Order:

Resuming the debate on the motion of the Honourable Senator David, seconded by the Honourable Senator Kelly:

That the membership of the Standing Senate Committee on Social Affairs, Science and Technology be increased to fifteen members and that Rule 87(1)(*m*) be suspended in relation thereto for the present session.—(*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have had some discussion with the Deputy Leader of the Government in this regard. These motions present problems with staffing, and one of the reasons why I have held this motion, and a further one regarding the Standing Senate Committee on Foreign Affairs, has been to ensure that we have a sufficient number of senators who can indeed attend and who have a specific interest in the subject. We have now satisfied ourselves that this can be done, and I am therefore prepared to proceed with this motion and let it pass.

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

Motion agreed to.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO STUDY MATTERS RELATED TO NATIONAL SECURITY AND DEFENCE AND TO INCREASE MEMBERSHIP OF COMMITTEE

On the Order:

Resuming the debate on the motion of the Honourable Senator Stewart, seconded by the Honourable Senator MacDonald, (*Halifax*):

That the Standing Senate Committee on Foreign Affairs be authorized to hear evidence and to examine and report on matters relating to national security and defence and the future roles of Canada's armed forces;

That the membership of the Senate Committee on Foreign Affairs be increased to twenty (20) members and that Rule 87(1)(*h*) be suspended in relation thereto; and

That the Committee present its report no later than March 31, 1993.—(*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the same comments apply to this one as applied to the previous motion. We are prepared to let it proceed. I believe the Selection committee will be meeting tomorrow, so I assume the names can be decided on tomorrow. We are prepared to let the motion go forward.

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

Motion agreed to.

AGRICULTURE

CANADIAN GRAINS—ANTICIPATED LOW MONETARY RETURNS—EFFECT ON FARMERS—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the prospects for sale of Canadian grain and the effects on farmers of anticipated low dollar returns from those sales.—(*Honourable Senator Olson, P.C.*).

Hon. H.A. Olson: Honourable senators, I do not wish to proceed with the debate today, but the subject matter of this inquiry is such that I think it will come up again. I would therefore simply say that since it is No. 13 on the Order Paper and the numbers only go to 15 and are then dropped from the Order Paper, it would be better if we could leave it at that and the number could be reduced to 1.

I think we will want to deal with this sale of Canadian grain. In view of the negotiations that are now ongoing, I do not want to say any more about it today. Therefore, I move to adjourn the debate until the next sitting of the Senate.

On motion of Senator Olson, debate adjourned.

VIOLENCE AGAINST WOMEN IN CANADIAN SOCIETY

POINT OF ORDER—SPEAKER'S RULING RESERVED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith, calling the attention of the Senate to the violence against women in Canadian society and the desirability of investigation of the subject by a Senate Committee.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on a point of order, this Inquiry appears with the word "fifteen" beside it in the *Minutes of the Proceedings*, and the number 15 appears on the scroll opposite the Inquiry. That means it is proposed to be dropped from the Order Paper under the provisions of rule 28(3), which provides that:

> Unless previously ordered, any item under "Other Business", "Inquiries" and "Motions" that has not been proceeded with during fifteen sittings shall be dropped from the *Order Paper*.

That is the rule under which it would be dropped and not appear on the Order Paper tomorrow.

• (1610)

This order has been proceeded with. This inquiry has been proceeded with. I spoke to it some time ago and then adjourned the debate.

The Concise Oxford Dictionary gives several meanings for "proceed", such as, to go on, make one way, to take legal proceedings, come forth, issue, or take steps. *Webster* also, under the word "procedure," deals with proceeding or taking steps or initiating or taking part in a course of action or in a proceeding.

So, honourable senators, I ask that it be ruled that this order stay on the Order Paper with no number beside it because it only attracts such a number and can only be removed from the Order Paper by the operation of rule 28.

Let me repeat that. If something is on the Order Paper, it stays there until terminated by the Senate because of being considered debated or in some other way disposed of, or until it is knocked from the Order Paper by a rule. That does not apply here. It has not been disposed of by the Senate.

I do not have to justify its staying on the Order Paper. Someone has to justify its being knocked off the Order Paper by the operation of the rule. The rule's terms do not apply to it because this order has been proceeded with. That is on the technical side. By the letter of the rules, it should not be knocked off the Order Paper. It should remain on the Order Paper with no number beside it.

On its merits, the reason I want to leave it on the Order Paper is that I launched this inquiry during the previous session after the events in Montreal in the hope that something would be done about this general question of violence against women in Canadian society. Now something has been done. The government has done something about it.

The government has launched a commission or a task force or a committee; in any event, something is being done about it. I welcome that and I encourage that. But I want this to be left on the Order Paper because I believe that the Senate generally shares an interest in this question of violence against women.

I do not want to push this to the point of being referred to a committee, which I otherwise would have wanted, while another national institution or committee is looking at it. I do want to keep it here as a matter of interest for the Senate until we see what happens. If the Senate then is satisfied with what is done, and I hope we will be, then, of course, I will withdraw it.

In the meantime, I think it should stay on the Order Paper as evidence of the Senate's continued interest in the question of violence against women in Canadian society and the Senate's interest in the proceedings of that other body.

Hon. John Lynch-Staunton (Leader of the Government): Honourable senators, I have just two comments. One is that I am surprised that the Leader of the Opposition suddenly alerts us to the possibility—

Senator Frith: I am not suddenly alerting you to it. I have said it six times.

Senator Lynch-Staunton: Let me finish. We have let several inquiries and motions drop since these rules have been adopted. It is only on this one that the Leader of the Opposition has stated an objection. Only last week, two of Senator Olson's were allowed to drop without any comment from the Leader. I do not know why allowing two to drop last week is different from allowing one to drop this week. It is the same fifteenth day. That is my first comment. Why single out one? Why not single out the whole process from the beginning?

Secondly, when we look into any procedure and some question arises as to the exact meaning of a word, we have to look at the intent of the legislator, as is done in court. Whenever the wording appears to be vague, the judge has to see the intent of the legislator.

The intent of the legislator here is very clear, and that is to avoid motions and inquiries staying on the Order Paper indefinitely. I am told that some motions in the past have stayed up to three years, which makes one question the seriousness of the particular motion or inquiry at the time it was introduced. The intent of the legislator is to encourage debate. If the subject matter is of such importance as to be placed on the Order Paper, it is important that it be debated within a reasonable time. The motion or inquiry can always be re-introduced.

I believe the Leader of the Opposition intends to ask for a Speaker's ruling. I, too, would certainly like to have clarification and I would urge the Speaker to give it to us.

Senator Frith: Honourable senators, I agree that the intent is to avoid something being left on indefinitely, and I have explained why I do not want to leave it on indefinitely. I have explained why I want it left on. You will have to read it; that's all. Maybe the Speaker, in making the ruling, will read the transcript of what I said only a few moments ago.

[Senator Frith.]

Obviously the Deputy Leader of the Government was not listening. His first point was why one should stay on and why another should be dropped. That is precisely what I tried to explain. One is dropped on a purely technical basis because it has not been proceeded with. That is the technical point. Point one, this should not be dropped because it has been proceeded with. I had debated it previously.

Hon. Lowell Murray (Leader of the Government): That is a point of order.

Senator Frith: The next point was, why did I "suddenly" raise it? I have raised it every day that it has come up. I have said, "I am going to object to this being dropped off." So it was not sprung on anybody. I gave plenty of notice several times. The third point is the reason on the merits.

Senator Barootes: That's the fourth point.

Senator Frith: No, the first is the technical point, the second is that it has been raised before. The third point is the merits of keeping this issue before us. You are not a good counter, but maybe you would like to make a fourth point, in which case I welcome it.

Senator Olson: Supporting his argument, of course.

Senator Barootes: The Deputy Leader had three points.

Senator Frith: It may be that I have not persuaded the Deputy Leader of the Government that the question of violence against women in Canadian society is in—

Senator Lynch-Staunton: We're not dealing with the subject matter.

Senator Frith: But I wish to deal with the subject matter. There is a reason for it. It is not just a matter of a procedural technicality. It is the procedural technicality plus the fact, as I tried to explain, that I believe this should be left on as evidence of the Senate's continued interest in this issue while it is being dealt with on the other side. I, otherwise, would have proceeded with it even further than I have proceeded with it.

I was going to ask that a committee of the Senate examine the question, that it be referred to a committee for that purpose. But in the meantime something happened on the other side and, therefore, I believe we should show our continued interest in this issue and continued interest in the outcome of the actions of the other side by leaving it on the Order Paper.

Senator Barootes: How many times can you speak to one item?

Senator Frith: If it turns out that Senator Barootes or the Speaker or Senator Lavoie-Roux or other senators think, no, it is not important that the Senate show its continued interest in this question, let it drop. I will bring it up again, and then I have to start talking 15 days again. When those 15 days are up, I have to stand up again and make the whole speech all over again.

Senator Simard: You are standing up.

Senator Frith: Senator Simard may find this a trivial matter, and I am sure some senators do find it trivial. Senator Barootes is smirking, he thinks it is a trivial matter.

Hon. Efstathios William Barootes: Did I say it was a trivial matter? Don't put words in my mouth. I am perfectly capable of speaking for myself.

Senator Frith: I did not put words in your mouth. Again Senator Barootes was not listening.

Senator Barootes: I got a tin ear from listening to you.

Senator Frith: The word I used was not what you "said", Senator. I said Senator Barootes is smirking, which he is doing now also. I did not say what you said. I said you were smirking, to indicate that you consider it a trivial matter. But maybe you do not.

Senator Barootes: Did I say it was trivial? No.

Senator Frith: There are two possible outcomes. If, for example, the Speaker will rule that it should be dropped from the Order Paper—

Senator Simard: How do you know he will rule that?

Senator Frith: I did not say that. You people do not listen. I said that the Speaker might rule. Can you hear me, sir?

• (1620)

Senator Simard: Might rule; not will rule.

Senator Frith: That is what I said. I said "might". You can look it up, sir: might rule. My goodness, everyone is getting upset about this. The Speaker might rule that it should be dropped. There are lots of smiles on the other side on this issue. The Speaker might rule that it be dropped from the Order Paper, in which case that ruling might be appealed and those who think it is a trivial matter can vote accordingly.

The other thing that might happen, of course, is that someone might make a motion, because you think it is so trivial, that it should be removed from the Order Paper. Those two possibilities exist. One way or another, those who think it should not be kept on the Order Paper, for the purposes I mentioned, namely to show the Senate's continued interest in the question, can vote accordingly.

Hon. Mira Spivak: Honourable senators, at the risk, God forbid, of intruding on the prerogatives of the Deputy Leader, I wish to intervene for only one minute, if I may.

I have spoken on this issue. I was one of the few senators who did. I am a bit upset to see that an issue of substance is reduced to a debate on the technicalities of the issue. I am totally uninterested in the technicalities of it and I certainly would not presume to state an opinion as to whether it should remain on the Order Paper. However, there might be a number of ways in which the Senate could demonstrate that it has a continued interest in this matter. I leave it for wiser heads than mine to demonstrate that. I would not like this issue to be put narrowly in the sense that if we do not leave it on the Order Paper the Senate does not have an interest in it. I might suggest a way in which this could be resolved, that being to move it to a committee to decide whether it might be of interest to the Senate.

When this first came up quite some time ago, the express wish of some of the women's organizations that were involved in this issue and were pushing for some action to be taken was that the Senate study it. The reason given was that the credibility of the Senate, in terms of its committee investigations, was very high. Contrary to the belief of those who think that the credibility of the Senate is not high, in certain quarters it is regarded as very credible.

So I would ask that this issue be resolved in some way, not technically but substantively, so that the impression is left with the public at large that the Senate does not consider this a trivial matter and that it has the attention of the Senate.

I would also like to see the results of the house committee or commission that is presently studying this before we absolutely dispose of the matter.

Senator Murray: Honourable senators, it is dangerous to intervene in a discussion, part of which I missed because I came in, as it were, in the middle of Senator Frith's speech. I think we can leave it at this, however: the Leader of the Opposition has raised a point of order with regard to this matter. That point of order will be adjudicated by the Speaker. He has also made an argument, he says, on the merits of the particular inquiry. I think he has raised an argument against the rule itself and this is a matter that the Rules Committee can and should consider as it monitors the operation of our new rules.

I am reminded, so far as the importance of this issue is concerned, that we passed in one day last fall a bill designating December 6 as a day of recognition of the grave problem of violence against women. We also acted very swiftly on the gun control legislation last fall, another matter that is of concern to society and of particular concern to women and women's groups.

Having made the point about the matter that is within the province of the Speaker to decide, and the matter that should be considered further by the Rules Committee, I take the points made by Senator Spivak. If Senator Frith's motion should fail because of the rules or a decision by Mr. Speaker, there are other ways, and I have no doubt that we shall find them, to express our continuing concern about this important issue.

The Speaker: I shall take the point of order under advisement and rule on it tomorrow.

AGRICULTURE

CRISIS FOR FARM MARKETING BOARD—DEBATE ADJOURNED

Hon. H. A. Olson, rose pursuant to notice of Thursday, November 28, 1991:

> That he will call the attention of the Senate to the crisis facing Canada's farm marketing Board.

He said: Honourable senators, this inquiry has the word "thirteen" beside it, as had Order No. 11. I do not want to

debate it today because it deals with the crisis facing Canada's farm marketing boards. The Leader of the Government has indicated that he is going to give us a report tomorrow about the Prime Minister's response to the farmers who are interested in this matter. In addition to that, there is going to be a delegation from Canada, including more than one senior minister, going back to the negotiations.

I think I have satisfied the requirement for having it stay on the Order Paper, if I ask that it be adjourned, simply by having raised it this much. But I have to keep on doing this and this supports the argument that Senator Frith is making, although this is slightly different in that it has only been put down as an Inquiry and has not proceeded beyond that. I hope that it will revert to a number one rather than a number thirteen as a result of the intervention that I have now made. Therefore, Mr. Speaker, I ask that it be adjourned.

On motion of Senator Olson, debate adjourned.

GOODS AND SERVICES TAX

PROBLEMS FACED BY CANADIANS—DEBATE ADJOURNED

Hon H. A. Olson, rose pursuant to notice of Thursday, November 28, 1991:

> That he will call the attention of the Senate to the problems faced by Canadians with respect to the Goods and Services Tax.

He said: Honourable senators, I want to make a short speech on this inquiry. It is to call the attention of the Senate to the problems faced by Canadians with respect to the goods and services tax. This is timely, for a number of reasons. I spent some time in southern Alberta, particularly, over the Christmas adjournment. I had the opportunity to speak to a large number of small businessmen who are still trying to cope with the requirements of the administration of the GST. What I heard is contrary to what the Honourable Mr. Jelinek said about the GST, that being that everything has settled down, that it is all running smoothly, that all the dire consequences that were predicted by people in the opposition like me have now been settled, that it is a smooth operation and no one is any longer concerned.

Honourable senators, if that is the impression that the Minister of National Revenue has, I almost cry for Canada, because that is not the reality. The smaller the merchants are, the more difficult it for them. The small businessmen are angry. They are more angry now than they were a year ago because of the burdens that have been put on them to collect and remit this tax according to the regulations laid out by the Department of National Revenue. In fact, I think it is fair to say that I am not quite sure what the difference is between "angry" and "livid". The more intense form of anger is the feeling that most of them have.

● (1630)

It is costly and extremely expensive for these small businesses to do all this accounting. Some of them are spending late hours at night to keep up with the bookwork involved with the collection of taxes to satisfy the tax collectors. Some of them have had to hire additional staff that they cannot afford because business is down.

Honourable senators, the matter has not been settled. It has not gone away. It may have left Parliament but those small businessmen out there, who are having a terrible time for all the other reasons, are finding that their frustration is exacerbated by this measure. I remember when the GST was going through I made the argument, over and over again, that it would make accounting slaves out of a very large part of our business community. No, they said that would not happen. That is exactly what has happened, and there is resentment for all this work that they have to do, in many cases for nothing. Nobody wins.

Let me give some examples: They said that the rebate system would have a value added tax that has to be collected at every stage in every transaction. They said that there are something like 43 countries in the world that have this kind of tax. That does not recommend anything to me nor to the people who have to do all this work. So I would hope that the government will listen for a while.

Senator Simard: We have listened.

Senator Olson: Nothing is being done about it. I could tell Senator Simard one thing. Perhaps he does not care because we do not have to elect senators yet. The government is wondering why their popularity has gone down to somewhere between 12 and 16 per cent and never moves up.

Senator Simard: And you suppose that is the only reason?

Senator Hastings: It is the unemployment rate.

Senator Olson: The mismanagement of the economy and almost everything else that this government has done form part of the reason. I want to tell you that the GST is now one of the major reasons.

Senator Simard: You are changing your tune.

Senator Olson: I am not changing my tune. You wonder why your popularity does not move. It will not move as long as you oppress people with this kind of burden. Let us be fair about this: We know that the government has to collect a certain amount of taxes. In fact, they have such a deficit now that they either have to cut some more expenses or increase taxes or we will go down the tubes financially. Most of these businessmen understand that. However, it is ridiculous what the government has asked them to do. There is the small merchant and even the little bigger merchant. There are some places where a large percentage of their customers are so-called zero rated, and we have lots of them on the prairies. All farmers are zero rated for anything they buy for their production; whether it is fertilizer, chemicals or anything else, they have to pay the tax. Then the merchant or dealer has to go through the process with little items, larger items or whatever and send in 7 per cent GST. When the farmer gets home, he has to sit down and make out a form to claim it all back, because he is zero rated. So who wins? The government is not ahead by one dollar on zero rating.

Senator Simard: You have told us that before.

Senator Olson: I know you have heard me make this speech before but you have not listened. The people out there who are doing all that work are listening. Not only that but this measure is exacerbating the whole economic activity in the country leading to layoffs, more and more of them. I do not suppose I need to read the list.

Senator Hastings: Read it.

Senator Olson: I only have 15 minutes and I have an idea that they will not extend my time.

Senator Simard: Take a chance.

Senator Olson: In the past few days the closing down of Hibernia and of many fish plants, partly I suppose because of the lack of fish stocks, has been a very serious blow. That is not all that has happened. In Calgary, Alberta Syncrude has cut another 400 jobs in the past few days. By 1993, Amoco says it will reduce its workforce by another 2,250 people. Imperial Oil, Esso Resources, has announced the cutting of 1,700 more employees from its payroll. That brings the number of people laid off by Imperial in the past two years to 4,000—4,000 laid off by one company, a big company.

That is what has happened. We tried to warn you that there were other ways of doing things. For example, the Canadian Federation of Independent Business believes—and they have done some studies on this—that if you had not had all of these payments to make, such as back taxes, rebates and so on—you probably would be receiving, on a net basis, just as much money from the Consolidated Revenue Fund as from this tax if it were approximately 2 per cent less.

Senator Simard: It has to be fair too, you know.

Senator Olson: Yes, it does.

Senator Hastings: Fair to the unemployed.

Senator Olson: It is not fair to ask people to do a lot of work collecting a tax on which someone else has to make an application to get it all back. That is not fair and it is not good government. That is an indication to me that the people who drew up those plans in the Department of Finance and the Department of National Revenue do not have any idea of how much abuse Canadian citizens are willing to take. It is really an abuse of our people to put in place a regime that requires that kind of activity.

I think my 15 minutes is pretty well gone. I just wanted to draw to the attention of this government the fact that the GST is bothering people. It has not gone away. The Minister of National Revenue is absolutely wrong if he believes that the effects of the GST have somehow been dissipated by time. I know that you may think that the electors have a short memory. If we could have an election in the next few days we could solve this problem. I do not believe we will have an election until your time runs out. Five years from November 21, 1988, I believe, is a long way off for people who are right on the brink of bankruptcy and all the frustration that goes with it.

• (1640)

I plead with you to do something about this tax now while you are in office. It also might have the consequence of allowing you to get past that 15 per cent or 16 per cent approval rate. I do not think it would go very far, because you have done a whole lot of other things. However, I think that if there was some positive movement with respect to the administration of the GST, it might help.

I will make it clear that I am not now complaining about the number of dollars that you are collecting with this tax, although there is a large argument that could be made on that by itself, but just the method and the administration of collecting it.

Senator Simard: How would you do it?

Senator Olson: It is simple. It would take quite a few more minutes than I have to explain all of that to you, but I would do something about it. As I said, we have thousands and thousands of accounting slaves doing the tax collecting for this government, and it should not be, and it does not need to be. I tell you that the people have not got over it, and they are angry, and every month that goes by they get more and more angry because of the oppression of this government.

Hon. Efstathios William Barootes: I take it, Senator Olson, you would accept a question from a friend?

Senator Olson: A friend or whatever.

Senator Barootes: Regarding this terrible GST that you have been railing against for a year and a half, I take it that your party and your leader would be prepared to remove it if you were elected to govern?

Senator Olson: I will tell you one thing that we are prepared to do, and that is that we are prepared to modify that tax very significantly.

Senator Barootes: In other words, you are now accepting the principle that the GST must remain in operation?

Senator Olson: Any responsible person who has some idea of how a government—

Senator Barootes: You were not responsible a year ago when you were railing against it.

Senator Olson: I wanted you to cancel your plans to bring it in then. Since then, you have brought it in. One other thing that you did was you took away the other source of revenue, which you said you would do.

Senator Barootes: The hidden tax.

Senator Olson: It was called the manufacturers sales tax, but hidden tax, call it what you like. I tell you this: Anybody that wants to be responsible—the Leader of the Government always hides behind that phrase. Well, your leader says that he would not do away with it—

Senator Barootes: He doesn't know what he wants, your leader.

Senator Murray: He said that, but he also said he would do away with it.

Senator Olson: Anybody that is responsible knows that you cannot, or you ought not to, at least, try to change the whole taxation regime every two or three years. It is disruptive to the economy. It is disruptive to all the people who get involved in it. I will tell you—

Senator Barootes: You are absolutely right, Senator Olson. It is so disruptive that it knocked interest rates down to the lowest they have been in 18 years. Agreed? It has knocked inflation down.

Senator Olson: That is not the reason.

Senator Barootes: It knocked the Canadian dollar down to where we can export. It is a terrible tax.

Senator Olson: You have your facts right, but you have your reasons wrong. The reason that the interest rates are going down is because the Minister of Finance, who was at that time the Honourable Mr. Wilson, deliberately said publicly that he would take whatever action was necessary to bring inflation down to 2 per cent. So we got a recession. That is exactly what he said he would do, and he did it. He gave us a depression. Some people call it a recession. Out where I live, it is not a recession any more. It is a depression. We have had a decline in people's incomes going on for a long time, and it has been further exacerbated by what has happened in the last few days.

The oil patch used to be the place where some farmers could go to make a few dollars to get over the mismanagement of the agriculture sector, and in particular, the grain sector. Now that is not even available. They are laying off everybody too now, so all this is—I understand that I have run out of time.

I just bring this matter up today because I believe the government ought to know that there is a way that they can gain a little favour with the Canadian people. However, if they insist on administering the GST in the way in which they have done, they will stay down below 15 per cent.

On motion of Senator Hébert, debate adjourned.

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

MOTION TO AUTHORIZE COMMITTEE TO STUDY POLICY OPTIONS ON CONTROLLING EMISSIONS—DEBATE ADJOURNED

Hon. Dan Hays, pursuant to notice of Thursday, December 12, 1991, moved:

> That the Standing Senate Committee on Energy, the Environment, and Natural Resources be authorized to undertake a study of the policy options available to the government to achieve the objective of containing emissions associated with energy production and use in Canada with a view to improving the environment and to make recommendations thereon. Among these options are regulation; the use of economic instruments such as emission charges and taxes, subsidies and tradeable emissions permits; measures to enhance energy efficiency and conservation; and the promotion of energy alternatives; and
>
> That the Committee present its final report no later than 30 November, 1992.

He said: Honourable senators, I will take a few moments of your time to explain the background to this motion. It comes from the Energy committee and is motivated by work that the committee has done in the past. The committee, based on its past work and information that comes to its attention from various sources, has decided that this would be a reference that it would like to pursue with the Senate's approval.

Following the various commitments and targets that the federal government has made to cap or reduce emissions, and in the run-up to the United Nations Conference on the Environment and Development, increasing focus is being placed on the need for "least cost" strategies to contribute to emissions reduction.

The committee proposes to contribute to the public policy debate by identifying and assessing the various policy options that the government has at its disposal to address its environmental objectives. In doing so, the committee hopes to assess the relative merits of the individual items in the policy menu and comment on the contribution that each can make in establishing a cost-effective and realistic approach to the environmental challenges facing the energy sector. By "realistic," is meant actions which do not threaten our international competitiveness.

Traditionally, governments have tended to use a relatively inflexible command and control regulatory approach in an effort to limit polluting emissions and to maintain environmental quality standards. Recent research suggests that smarter regulation based on establishing performance standards and the introduction of market-based incentives offer significant cost advantages by harnessing market forces in the fight against environmental degradation. In addition to examining a more flexible approach to regulation, the committee would like to investigate the following economic instruments in considerable detail: Tradable emissions permits which assign to private individuals and/or corporations the right to discharge limited amounts of pollutants; emission charges and taxes and subsidies for preferred energy options.

● (1650)

The committee is also keenly aware of the role which cost-effective energy efficiency improvements and renewable energy sources can play in reducing greenhouse gas and other emissions. Internalization of environmental costs through a market-based approach will, in fact, render these alternative options more competitive.

In the future, energy policymakers will have to be cognizant of the limits to the earth's assimilative capacity. There is a finite limit to the pollutants which can be tolerated by natural systems. In summary, it is our aim to bring to the attention of policymakers a broad range of opinions on the policy alternatives available to government in assisting its efforts to achieve its environmental objectives.

With these words, honourable senators, I urge you to consider the motion before you, and should you see fit to give a reference to the committee on this subject, on behalf of the committee I undertake to proceed in as expeditious a way as possible to come to a decision on a report on this important subject, following the opportunity to hear from witnesses who have vested interests in this, both on the consumption and production sides.

On motion of Senator Nurgitz, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 911*)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

Tuesday, February 18, 1992

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

THIRD REPORT

In January 1991 the Committee tabled the Report of its Subcommittee on Veterans' Affairs. The title It's Almost too Late was chosen because it was literally true that Canada has only a few more years in which to show those who served in the two World Wars and the Korean conflict that Canadians care by ensuring that veterans and their surviving spouses spend their last few years in dignity and comfort. Having heard witnesses and studied the issues the Subcommittee made the following recommendations:

1. that at the earliest possible opportunity, the Government of Canada introduce legislation to extend full veterans benefits to all Canadian merchant seamen who served in dangerous waters in Canada's armed conflicts;

2. that the *War Veterans Allowance Act* be amended to define as a veteran all merchant seamen who made at least one trip through dangerous waters;

3. that the Government of Canada prepare and place in the Peace Tower a Book of Remembrance honouring merchant seamen who died of enemy action in Canadian armed conflicts and, further, that suitable monuments to their sacrifices be erected;

4. that the residency requirement of the *War Veterans Allowance Act* and Part XI of the *Civilian War Pensions and Allowances Act* be amended to permit otherwise qualified veterans to apply for benefits from outside Canada;

5. that the Canadian government take immediate steps to negotiate an agreement with the United Kingdom to exempt War Veterans Allowance from British taxes;

6. that the rates of compensation provided for under the *Prisoners of War Compensation* Act be reviewed with the objective of taking into account the severity of the POW regime forced on veterans by the award of additional compensation for each month deemed extremely severe, and that two additional categories be added at appropriate rates of compensation for those veterans who served 30 months and more as prisoners of war;

7. that for the purposes of establishing entitlement to the Veterans Independence Program, receipt of prisoner-of-war compensation be treated as proof of undiagnosed medical disability

8. that the Veterans Independence Program immediately be extended to civilians who served in close support of the wartime armed forces, that is, as enumerated in Part XI of the *Civilian War Pension and Allowances Act*, and that these benefits be comparable to those offered military veterans; and

9. that the cuts to the heavy housekeeping component of the Veterans Independence Program be fully restored.

10. That the *Veterans Allowance Act* be amended:

1. to establish a common age at which both men and women qualify for benefits and that this common age be 55 years old; and

2. to make eligible for benefits all those Canada service veterans of World War I and World War II who volunteered for unrestricted active duty, who were assigned to serve within the boundaries of Canada, who served for no less that 365 days, and who are in need; and

11. that the Pension Commission give careful consideration to the psychological problems which may arise when the stresses of retiring and aging are combined with those of blindness, and that these problems influence the assessment of applications for exceptional incapacity;

12. that peacetime service personnel pensioned under the Special Duty Area Pension Order be eligible for Veterans Independence Program benefits.

More than a year has passed since your Committee tabled its Report with these recommendations. The Government has made no response to the Report, nor has it given any indication as to when it intends to implement the recommendations.

The Report dealt with a number of issues, but it clearly indicated that veterans of the wartime merchant marine had been dealt with unjustly since the end of World War Two and that consequently their claim to recognition and their needs must receive immediate attention and full satisfaction. The Report dwelt in some detail on the wartime service of merchant mariners and noted that they suffered devastating losses during both World Wars, losses that were proportionately greater than those of any other fighting service. Nevertheless, successive government have continued to deny them recognition as veterans, have failed to commission suitable monuments to commemorate their sacrifice, and have continued to deny them full veterans' benefits.

In the course of the past year, the House of Commons Committee on National Defence and Veterans' Affairs has re-examined the wartime service and post-war treatment of Canada's merchant mariners. The Report of the Commons committee affirmed the validity of your Committee's findings, and, in effect supported its recommendations.

At its Annual Meeting in Toronto on 31 October 1991, the National Council of Veteran Associations in Canada adopted as their own the recommendations of the Senate Subcommittee dealing with veterans of the merchant marine.

Your Committee urges the Government to table its response to the recommendations contained in It's Almost too Late without further delay and to announce its decision to implement at least recommendations 1 - 3 immediately.

Respectfully submitted,

PAUL DAVID
Chair

THE SENATE

Wednesday, February 19, 1992

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

Prayers.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN COMMONS GALLERY

The Hon. the Speaker: Honourable senators, the Minister of Finance will read his budget speech in the other place on Tuesday, February 25, 1992. May I be permitted to remind honourable senators that the practice in the past has been that only senators are admitted to the Senate gallery of the House of Commons on such occasions, thereby ensuring that senators are not denied access to the gallery because of many of the seats being occupied by relatives and friends of senators. I would ask for your cooperation in continuing this practice today.

SENATORS' STATEMENTS

PRINCE EDWARD ISLAND

POTATO VIRUS—EFFECT ON AGRICULTURE INDUSTRY AND ECONOMY

Hon. M. Lorne Bonnell: Honourable senators, I would like to say a few words today on a matter of vital importance to the province of Prince Edward Island having to do with the PVY-n virus. The PVY-n virus, which is harmless in every respect as far as the potato is concerned, is fairly widespread. Indeed, it is the view of the Dutch officials, whom we contacted last year at the time of the potato infection in Prince Edward Island, that PVY-n is present everywhere in the world where potatoes are grown. They stated that the PVY-n virus has been known to be in Holland since 1957 and was quite likely in Germany prior to that. It is even possible that PVY-n has been present in Europe ever since potatoes were introduced to that part of the world from South America.

I think it is important to note that the great country to the south, the U.S.A., has an unprotected border with Mexico, which is a country with no restrictions on the importation of seeds from countries where the virus is present.

The aphid, an insect known to spread all of these potato viruses, is known to have moved from the south to the north. So how can the United States claim to be PVY-n-virus free, especially when potatoes coming from California have been found to have been infected by the PVY-n virus?

Prince Edward Island growers should be given credit for not already seeking relief through litigation and the justice system. Indeed, it rather seems that they have turned the other cheek.

Honourable senators, I want you to know that this crisis now hitting this vital segment of Prince Edward Island's agricultural economy is probably of as great and vile proportions as has ever been experienced since Confederation. To use medical comparisons, we have allowed the common cold in the potato to be turned into a cancer. This disease could be terminal unless decisive action is taken at once.

Agriculture Canada has not handled the PVY-n virus to the best of its ability. When they first discovered it, they made grave errors in testing it, and this past summer they found that many of the "positive" tests were actually negative. They are now dragging their feet in retesting and are constantly setting back test dates. This is costing the industry millions of dollars.

There is a precedent for actual, successful, legal action by P.E.I. It is found in a citrus fruit industry case which occurred in Florida, where a wrong diagnosis caused thousands of fruit farmers to lose their farms.

I would like to say that one grower recently went over to Europe at his own expense. He travelled to three countries. There are three main competitors for our potatoes: Holland, Ireland and Scotland. He met on one occasion with a potato specialist and researcher who is said to be one of the best in the world.

The Hon. the Speaker: I must tell Senator Bonnell that he is now over his three minutes. Is there agreement from honourable senators that he may finish his statement?

Hon. Senators: Agreed.

Senator Bonnell: I want you to understand, honourable senators, that this is a serious problem for Prince Edward Island's agriculture industry. If we do not get compensation this year for our potato farmers, many of them will go bankrupt. Farms will be lost, homes will be destroyed. We may even have people so depressed they become suicidal. The stress caused by worry over this situation will give them heart attacks, high blood pressure, and strokes.

It is a serious problem, not only financially but economically and in every other way. We are asking the government to get to work and do what it can to get this virus problem resolved.

CANADA

RELATION OF POPULATION TO LABOUR FORCE—REDUCTIO AD ABSURDUM

Hon. M. Lorne Bonnell: Honourable senators, someone gave me some figures the other day that I think the government leader should be aware of.

The population of Canada is 25 million people. There are ten million people over the age of 65, leaving only 15 million people to do all the work. There are ten million people under 16 years of age, leaving only 5 million people to do all the work. Two million people are government employees, leaving 3 million people to do all the work. Half a million people are in the armed forces and 1.25 million are either provincial, municipal or city workers. If you deduct from that the 250,000 people who are in hospitals and asylums, that leaves 1 million people to do the work.

Of these one million people, there are 700,000 unemployed and 200,000 on welfare. That leaves only 100,000 people to do the work. At any one time there are 88,000 people out of the country and 11,998 in jails. That leaves only two people to do the work, and I am getting damned tired of doing it all myself.

SELECTION

SIXTH REPORT OF COMMITTEE

Wednesday, February 19, 1992

The Committee of Selection has the honour to present its

SIXTH REPORT

Pursuant to Rule 86(1)(b) of the Rules of the Senate, your Committee submits herewith the list of additional Senators nominated by it to serve on the following committees:

STANDING COMMITTEE ON PRIVILEGES, STANDING RULES AND ORDERS

The Honourable Senators Bonnell, Corbin, Graham, Kenny, Lewis and Neiman.

STANDING JOINT COMMITTEE FOR THE SCRUTINY OF REGULATIONS

The Honourable Senators Grafstein, Lewis and Rizzuto.

Respectfully submitted,

WILLIAM M. KELLY,
Chairman

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

Senator Kelly: Honourable senators, with leave of the Senate, and notwithstanding rule 59(1)(*g*), I move that report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before asking leave to move the adjournment motion, I would like to indicate what we have in mind with regard to sittings, subject, of course, to unforeseen circumstances.

Today, I will move that the Senate adjourn until next Thursday, February 27 at 2 o'clock, and we shall also sit on Friday morning, February 28, in order to be here when the Beaudoin-Dobbie report is tabled. Thereafter, and again barring unforeseen circumstances, we would adjourn for two weeks and reconvene on March 17. I hope next week to be able to confirm those adjournment dates.

Therefore, honourable senators, with leave of the Senate and notwithstanding rule 59(1)(h), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Thursday next, February 27, at 2 o'clock in the afternoon.

The Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

• (1410)

BUSINESS OF THE SENATE

Hon. H.A. Olson: Honourable senators, I would like some clarification before the motion is put. When we reconvene next Thursday, perhaps the government could arrange to hold a debate on the budget, which is to be brought down on Tuesday next. I am not sure what the government's legislative program is, but perhaps we could arrange to have a debate so that we could have a good explanation of what the budget provisions are. It would also furnish members of the opposition with an opportunity to respond and give their views on the budget.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think that could best be done by way of a Notice of Inquiry, calling the attention of the Senate to the budget presented by the Minister of Finance on Tuesday, the 25th of this month. We could then take up the debate and continue it as long as honourable senators thought it necessary or desirable.

Senator Olson: I do not have a written copy of that inquiry in my hand, but if I may, I want to verbally give notice of that

inquiry. I will see that my office sends a written copy of it within the next few minutes.

Senator Murray: I do not have a written notice, but I have been here long enough to know the form. When we get to Notices of Inquiries, I will put the necessary Notice of Inquiry down.

Motion agreed to.

NORTH ATLANTIC ASSEMBLY

SCIENCE AND TECHNOLOGY COMMITTEE—REPORT OF SUBCOMMITTEE TABLED AND PRINTED AS APPENDIX

Hon. Earl A. Hastings: Honourable senators, I have the honour to table a report of the meetings of the Subcommittee on Verification and Technology of the Science and Technology Committee of the North Atlantic Assembly held in London, December 9, 1991. In tabling the report, I ask leave to have it appended to the *Debates of the Senate.*

The Hon. the Speaker: Is it agreed?

Hon. Senators: Agreed.

(*For text of appendix, see p. 956.*)

FOREIGN AFFAIRS

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

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

> That the Standing Senate Committee on Foreign Affairs have power to sit at 4:30 o'clock in the afternoon on Tuesdays, March 3, 10, and 17, 1992, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

If I may I shall give a few words of explanation. Obviously, my Notice of Motion has been anticipated by the motion moved earlier today under Government Notices of Motion. That motion having been carried, the Senate, at least as now planned, will not be sitting on one or more of the days mentioned in my motion. However, it may be that we ought to carry my motion without amendment. I shall explain the specific problem with which I am dealing.

The other day, I mentioned the timing problem. I will say no more on that. However, what I now am trying to anticipate is the possibility that we will come back on a Tuesday, March 10 or March 17. The Foreign Affairs committee will have witnesses scheduled for 4:30 that afternoon. We will not have leave to sit if the Senate is sitting at that hour. I would then have to seek leave to bring forward a motion that would be applicable that very afternoon. There always is the possibility that someone would refuse to give leave on the ground that I ought to have taken a precautionary measure today. It is as a precautionary measure that I am proposing my Notice of Motion at this time.

[Senator Olson.]

Hon. Duff Roblin: I wish to ask a question of my honourable friend. Has he decided what dates he would recommend that the committee actually meet, particularly during the time when this body is not in session?

Senator Stewart: I thank Senator Roblin for his helpful question. A meeting has been arranged for next Tuesday, and witnesses have agreed to come. The committee itself has anticipated a fairly heavy program of work. I should think that if we are to get on with that work, we will have to meet even though the Senate is away for one week, two weeks or three weeks. We will have to meet perhaps twice in addition to next Tuesday during that period.

Senator Roblin: I did not hear whether my friend told me what time we would meet on Tuesday next?

Senator Stewart: I have a motion listed on the Order Paper seeking leave to meet next Tuesday, even though the Senate may then be sitting. Obviously, the Senate will not sit on that date. We will go ahead at 4:30 p.m. next Tuesday, because that is the hour at which our witnesses are coming.

Senator Roblin: I hesitate to prolong our discussion, but if the Senate does not meet on Tuesday, why then can we not meet earlier on Tuesday, say, right after lunch?

Senator Stewart: That is a very attractive possibility, but I have two difficulties: Could I get in touch with all the senators who are members of the committee; and more importantly, how would a change in the hour affect the travel plans of witnesses? I do not know. That is why we should stay with the plans that have been made.

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—NOTICE OF INQUIRY

Hon. Lowell Murray (Leader of the Government): Honourable senators, I give notice that on Thursday, February 27, 1992, I shall call the attention of the Senate to the budget presented by the Honourable Don Mazankowski, Minister of Finance, on Tuesday, February 25, 1992.

NORTH ATLANTIC ASSEMBLY

MEETINGS OF ECONOMIC COMMITTEE AND INTER-PARLIAMENTARY CONFERENCE ON EUROPEAN SECURITY—NOTICE OF INQUIRY

Hon. Duff Roblin: Honourable senators, I give notice that on Thursday, February 27, I shall call the attention of the Senate to two meetings of the North Atlantic Assembly, namely, the Economic Committee meeting together with the OECD Directorate held in Paris, France, on February 10 and 11, 1992; and the North Atlantic Assembly Inter-Parliamentary Conference on European Security and the Future of the CSCE held in Brussels, Belgium, from February 12 to 14, 1992.

[*Translation*]

THE CONSTITUTION

HISTORICAL PERSPECTIVE OF THE DISTINCT SOCIETY OF QUEBEC—NOTICE OF INQUIRY

Hon. Paul David: Honourable senators, I give notice that on Thursday, February 27, 1992, I will draw the attention of the Senate to my understanding of the history of Quebec as a distinct society.

[*English*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, in answer to the wave of disappointment that I expect to see sweeping across the other side, I must explain that I did not get back from caucus in time to organize petitions for presentation today. Therefore, although Senator Hébert is ready to proceed, I am afraid you will have to wait until a week from Thursday to hear from me.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): That does not mean that he does not have a lot of them, however.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 1,222 citizens of Ontario who oppose the goods and services tax and in general most of the measures taken by the present government since it took power. They not only denounce the GST but they demand immediate elections.

Hon. Jean-Maurice Simard: Please spare us the editorial part!

Senator Jacques Hébert: Honourable senators, I do not think that those people will vote for the government.

These petitions come mainly from Peterborough, Toronto, Oshawa, Millbrook and Cobourg.

Senator Simard prefers to write editorials himself!

● (1420)

QUESTION PERIOD

[*English*]

THE BUDGET, 1992

RELATIONSHIP TO PAST BUDGETS—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. It is, I admit, anticipatory but it might help us prepare for the inquiry of which he gave notice just a few moments ago. My question is based on the Minister of Finance's statememt that he will present his budget next week, on February 25. Mr. Mazankowski claims that it will be "a realistic budget".

Senator Haidasz: What is that?

Senator Frith: I am sure that the implication is not that previous budgets of this government were not realistic, but perhaps that is so. Assuming that they were not, I ask whether we can discover—because I am sure this matter has been discussed in cabinet—whether the realism in the forthcoming budget will be similar to the realism in Mr. Wilson's 1985 budget, which contained a "clear and realistic medium term plan" designed to bring the deficit down to $16 billion by the fiscal year 1991. That was two years ago.

Senator Simard: That is in the past.

Senator Frith: That realistic prediction was wide of the mark by $14.5 billion. Will this budget be realistic in the same way?

Hon. Lowell Murray (Leader of the Government): Honourable senators, let me say simply that I trust Mr. Mazankowski will take the occasion of his first budget to review the excellent progress that has been made, both on the fiscal front and in terms of the Canadian economy, since September 1984 when this government came to office.

Senator Frith: I cannot really decide whether that is a "no" or a "yes" answer but let us, by way of supplementary, deal with the word "realistic" and the words used by the Leader of the Government; namely, "excellent progress". We saw that the 1985 budget was wide of the mark by $14.5 billion. I suppose that could be described as excellent progress, depending on your point of view. Mr. Wilson's 1986 budget predicted a deficit of $22 billion for 1990-91. The margin of error there was $8.5 billion. The deficit two years ago was not $22 billion but rather $30.5 billion. Is that the "excellent progress" we are referring to?

Senator Murray: Honourable senators, when I speak of progress I speak, for example, of the fact that when we came to office we were facing a deficit of $38.4 billion.

Senator Olson: Which you were going to fix.

Senator Murray: Indeed. We have taken almost $8 billion off that budget and, as Mr. Mazankowski indicated publicly the other day, there will be further progress when he brings in his document next week.

I think it is also important and only fair to make another comparison, not with our friends opposite so much as with our friends to the south. The deficit as a percentage of the gross national product was considerably higher in this country than it was in the United States. Now it is considerably lower, and dropping. These comparisons, I think, are very important for us to understand in view of the competitive world in which Canada must operate.

Senator Frith: Senator Simard has tried to discourage me from looking at the past, but encouraged by the answer given by the Leader of the Government, which looked to the past, I will try to compromise between those two points of view and look at more recent events as evidence of something that I suppose the leader wants us to think of as a favorable comparison.

• (1430)

In 1990, Mr. Wilson confidently predicted a deficit of $14 billion in 1993-94. How realistic has that proven to be?

Perhaps it would be fairer if we confined ourselves to the last budget that Mr. Wilson presented one year ago next week. He told us last year that the deficit this year would be $24 billion, and that next year it would be $16 billion. Is that safe?

Senator Murray: The last budget that Mr. Wilson brought in was February 1991.

Senator Frith: That is what I said.

Senator Murray: In the budget he brought in in February 1991 those were not, as I recall, his forecasts for fiscal year 1991-92 and 1992-93.

In any case, I think it is again important to establish, as all of the reputable international think-tanks and agencies have done—

Senator Frith: "Reputable" ones being the ones that agree with you?

Senator Murray: —the excellent progress that has been made by the government and by the monetary authorities in establishing an economic and fiscal plan and sticking to it. I do not have the quotation in front of me, but I have read it into the record on several occasions in the past. The International Monetary Fund report and the OECD report stated that, as a result of firm adherence to their plan by the fiscal and monetary authorities in Canada, this country was poised for a period of renewed growth as one of the leading economies in the world.

I am sure that good news will be welcomed by the honourable senators opposite as it is, and will be, by all Canadians.

Senator Frith: Of course it would be, if it were fulfilled.

Honourable senators, Canadians can look at whatever set of figures they want to look at, but I take it that the answer in general to the question is that this budget will be realistic in the same way as all of those previous budgets were realistic, namely, beside the mark on deficit reduction and continuing a recession.

THE ECONOMY

INTEREST RATES—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, I have a supplementary question for the Leader of the Government.

Today's *Financial Post* has a headline which states: "Interest rates poised to rise" and then it quotes a number of leading economists from the Bank of Montreal and various other institutions who indicate that this will happen.

I have to give a little preamble to the question, honourable senators.

Senator Simard: That would be a change.

Senator Olson: We know that the so-called bank rate had been going down and that now it has gone up a small amount—I am being honest—

[Senator Frith.]

Senator Di Nino: A small amount? It is the lowest it has been for 19 years.

Senator Olson: —for three successive weeks. The Governor of the Bank of Canada is busy trying to persuade the chartered banks not to change the prime rate because that would be damaging to the economy, and certainly it would, despite the fact that he has increased interest rates slightly. The reason being given is the decline in the value of the Canadian dollar.

Senator Simard: One reason why it might go up is that the Liberals are leading in the polls and people are scared.

Senator Olson: Senator Simard, this is a serious question to which I need a serious answer, because people are concerned.

Senator Simard: Canadians remember, and they are scared.

Senator Frith: They better not remember the last eight years or you are in a lot of trouble. Senator Simard is hoping for a little memory lapse.

The Hon. the Speaker: Order, please.

Senator Olson: I want to ask the Leader of the Government in the Senate if it is the policy of this government to take action such as the Governor is taking in moving the interest rates or the bank rate up again to keep the value of the Canadian dollar higher than the real economic factors would allow it to be?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Canadian dollar is not being kept higher than the real economic factors would have it, as the honourable senator alleges. The policy of the government is supportive of the actions taken by the Governor of the Bank of Canada in connection with his responsibility to ensure that fluctuations in the exchange rate take place in an orderly fashion. That is the meaning behind the recent quite small increases in the bank rate. I cannot predict what will happen at this time tomorrow, and unfortunately Senator Olson and I will not be here tomorrow to discuss it.

Senator Olson: I understand that.

Senator Murray: I should point out to him that the prime rate to which he referred is at its lowest level in this country since May 1973. That is a good long time ago. Even the honourable senator will remember that.

Senator Olson: One other thing that the honourable Senator Olson remembers is that we are in the most serious economic depression that we have been in since the 1930s, and that is about 60 years ago.

Senator Murray: Oh, no.

Senator Olson: The question is important because the government and all the leading economists in Canada agree that one of the reasons why this recession or depression is not coming out of the doldrums is because Canadians do not have any confidence that the monetary policy of this government will not frustrate any attempts that they might make to invest more capital at lower interest rates.

I agree that interest rates are fairly attractive now, even for consumers. However, they have no confidence that the government will leave them there if individuals or even large companies stepped out and made new capital investments. That is the problem. The government cannot give any assurance to Canadian individuals as consumers, or even to corporations, that if they make capital investments they probably will be able to maintain the cost of capital or the debt service charges at the present levels. If interest rates start going up again, that confidence will be completely devastated—that is, if there is any.

Senator Murray: Honourable senators, if I understood the first part of the honourable senator's question, he was seeking an assurance that interest rates would go up.

Senator Olson: No.

Senator Murray: In the second part of his question, he was seeking an assurance that interest rates would stay where they are.

I think the honourable senator will find that there are indications in the Canadian economy that people are convinced that the inflation problem is now under control. One of the indicators is the recent wage settlements in both the private and public sectors. I cite that as one example of the confidence of Canadians in general that some of the worst problems with inflation and interest rates are indeed behind us.

Further to that, I think he will find on Tuesday next, when Mr. Mazankowski brings in his budget, that this document itself, and the policies Mr. Mazankowski will be outlining, will be such as to reinforce the confidence of Canadians and others in the short, medium and long-term future of the Canadian economy.

Senator Olson: If the minister understood that in the first part of my question I was trying to get assurance that interest rates would go up then it is no wonder the country is in such chaos if that is the best he could glean from what I was asking.

Apparently, interest rates are the blunt instrument that this government and the Governor of the Bank use to control inflation, not to exacerbate it, in spite of the arguments that we have made. There are a number of factors at work. I can read or recite to you the comments made by all these economists that apparently the powers that be will start soon to move up the prime rates and other interest rates in order to counterbalance the decline in the value of the Canadian dollar. Can we have some assurance from the government that you will not fall for that kind of policy?

• (1440)

Senator Murray: I give the honourable senator the assurance that I have given him on many occasions that the role of the Bank of Canada in this regard is to intervene simply to ensure that fluctuations in the exchange rate are achieved in an orderly fashion.

NORTH AMERICAN FREE TRADE

POSSIBLE NEGATIVE EFFECT ON EMPLOYMENT

Hon. Stanley Haidasz: Honourable senators, I would like to bring to the attention of the Leader of the Government in the Senate that on April 10, 1991, ten months ago, in this chamber, I asked the Leader of the Government in the Senate a question on international trade and its effect on employment. He can refer to the Senate *Hansard* at page 5594. I had asked the Leader of the Government in the Senate a question, bringing to his attention above all the increase in job losses caused by record high bankruptcies of Canadian businesses. The Leader of the Government in the Senate replied to me as follows:

> If he examines the analyses that have been made by various think-tanks and economic commentators, in particular the Conference Board of Canada report that came out in the last day or so, he will see that they are at one with the projections made by Mr. Wilson in his budget last month to the effect that Canada will be coming out of this recession by the summer of 1991.

Honourable senators, that has not happened. Canada's recession has deepened. Unemployment has risen. Today there was an announcement in the press that Dominion Textiles will close two plants, namely at Long Sault, Ontario and at St-Thomothée, Quebec, discharging 624 workers.

How can the minister reply to me yesterday, and perhaps try again today, that the recession is coming to an end, that the budget will bring in the good news, and that unemployment is not rising? How can the minister make such inaccurate statements which are contrary to the real facts? There are over 1.5 million people unemployed in Canada today, representing over 11 per cent of the work force. When will this government hire better economists to advise their ministers and the Leader of the Government in the Senate here of the true facts so that they, in turn, can do something to relieve this terrible recession that is imposing such dire hardship on the Canadians who are unemployed today?

Hon. Lowell Murray (Leader of the Government): Honourable senators, recessions are measured in terms of the economic growth in succeeding quarters. The definition of a recession that we accept and we have agreed upon here, as elsewhere, is that negative growth in two successive quarters constitutes a recession. By that standard, it is simply incorrect for the honourable senator to say, as he says, that the recession has deepened. The fact of the matter is that while growth has stalled in the United States, and while the recovery here has been much slower than we had hoped and expected it would be, nevertheless we are in a period of economic recovery and of economic growth, and have been for some months.

Senator Frith: And nobody can see it.

Senator Murray: My honourable friend should simply examine the economic growth statistics.

Senator Haidasz: The statistics are wrong.

Senator Murray: The statistics are wrong, I hear from Senator Haidasz. I am sure he has documentation to demonstrate that assertion.

Senator Haidasz: Honourable senators, the answer of the Leader of the Government in the Senate is no solace to the poor unemployed people, or to other Canadians who are over-taxed in this country. Will the minister tell us whether his government has an answer to all of these woes? Or does he intend to continue to mislead us in this house as he has done during the entire past year?

Senator Murray: Honourable senators, I have placed before the Senate the facts as I know them, the facts as they are presented to us by the Bank of Canada, by our economic advisors, by those who compile statistics on economic growth, on investment, on inflation, and yes, on employment, on the increase in jobs in this country over the past several years. I have presented those facts. If the honourable senator is in a position to prove that they are wrong, then I invite him to do so.

Not once but several times I have mentioned the fact that both the International Monetary Fund and the OECD have predicted that Canada will rank first among the G-7 countries in 1992 in terms of economic growth. The Conference Board's "World Outlook," released just a week ago, makes the same prediction. Again, I would hope, partisan politics aside, that the honourable senator and his colleagues would rejoice in this good news for Canada and Canadians.

Senator Haidasz: I do not see any good news in those projections. This government has been wrong before.

THE ECONOMY

REGULATION OF CREDIT CARD INTEREST RATES—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: The government obviously is in a difficult position if it does other than advise the Bank of Canada how to conduct its affairs, but there is a role that the government could play in order to mildly stimulate the economy without triggering the deficit. That would be to look at the question of credit card rates which still are abnormally high. Recent predictions indicate that inflation at the end of this week could run at 2 per cent. That means that the real interest rates will be five points unseasonably and unreasonably high. It does leave room for the government to use its persuasive powers with the banks and other providers of credit to ratchet down the credit card rates. Many Canadians would see that as a positive sign and give them some confidence to stimulate the economy. My question is: Has the governments considered that measure, and would it do so?

Hon. Lowell Murray (Leader of the Government): Honourable senators, it seems to me that one of the committees of the other place has taken on this subject and is in communication with the banks on the matter. Further than that, I can only say that I will accept the honourable senator's question as a representation and pass it on to my colleague the Minister of Finance.

TERRORISM AND PUBLIC SAFETY

RECOMMENDATIONS OF SPECIAL SENATE COMMITTEE—REQUEST FOR PROGRESS REPORT

Hon. Colin Kenny: Honourable senators, 18 months ago, I asked the leader of the government a few questions—about a dozen of them, in fact, and put them on the Order Paper—in relation to the report of the Special Senate Committee on Terrorism and Public Safety. Can the Leader of the Government in the Senate please explain to us why it takes so long—18 months—to answer fairly straightforward, simple questions?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I thought those questions had been answered.

Senator Kenny: The last time I raised this subject, I got an answer from the Leader of the Government that they were complicated and difficult to answer for security reasons. They are questions about whether there is a crisis facility control centre in PCO, questions about staff turnover, questions about whether the special emergency response team ever has drills with other police forces. These are really straightforward, simple questions, and I cannot understand why they are not being dealt with.

● (1450)

Senator Murray: If the honourable senator is indicating that my information is incorrect, and perhaps it is, I shall investigate once again to see whether these questions have been answered. Frankly, I thought they had been.

While I am on my feet, with regard to delayed answers, I think I should point out that since this session began on May 13, 1991, we have tabled 73 delayed answers. There are 11 outstanding such answers as of this date.

Senator Kenny: All the honourable Leader of the Government has to do is consult the *Minutes of the Proceedings of the Senate*. They are listed here, questions numbered 34, 36, 37, 38, 39. There are more than 11 questions here. I have 11 questions here and there are others. It is not hard to determine whether or not they have been answered.

Senator Murray: I am sorry, I thought the honourable senator was referring to delayed answers. I will investigate and see what the problem is.

THE CONSTITUTION

TABLING OF REPORT OF SPECIAL JOINT COMMITTEE ON A RENEWED CANADA—PROCEDURE AND TIME REQUIREMENTS—GOVERNMENT POLICY

Hon. Jack Austin: I would ask for some assistance from the government leader in answering questions that I have been receiving with respect to the ongoing process of constitutional reform. The questions that I am being asked are the following:

What happens to the Beaudoin-Dobbie report when it is tabled? Will the government move a resolution of its own adopting the report or part of the report? Will the government then introduce legislation regarding constitutional changes? Will the government adopt anything, or will it ask the premiers for advice and perhaps call a first ministers meeting? Will the Prime Minister hold bilateral meetings with the first ministers to discuss the government's proposals? Last, but not least, by what date will all or any of these choices take place?

Perhaps the Leader of the Government can assist us with the program of the Government. I am talking not of substance but of process.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know because I have not asked what procedure will be followed in the other place when the report of the joint committee is tabled there on February 28, as we expect it will be.

As far as the Senate is concerned, the honourable senator is familiar with the procedure. I presume we would—we certainly could—proceed to debate the report which Senator Beaudoin will table on that same day. Further than that, my understanding is that Parliament would not be asked to make any decision on that report immediately. In fact, my understanding is that the next step will be for the government to engage in some consultations with other players in the constitutional amending process, namely the provinces, to obtain their views.

At some later date, we, the government, would be developing government proposals based on our consultations with the provinces, on the Beaudoin-Dobbie report, and on various other consultations that have taken place in the past year or so.

Senator Austin: Could I ask the Minister to advise the house with respect to the Quebec referendum process? I have been told that the Quebec government has a legal obligation to introduce its resolution at sometime during the month of July, and that there are time frames provided by law in Quebec for debate in the National Assembly, and for public debate with respect to the referendum.

Does the government leader have information on that timetable?

Senator Murray: Honourable senators, I do not have the Quebec legislation in front of me, although I read it a couple of weeks ago. My understanding is that the text of the resolution would have to be tabled in the National Assembly of Quebec by early August and the debate held thereon, if they are to honour the schedule set out in Bill 150.

Senator Austin: In order to do the simple mathematics, then, the federal government, if it wishes to advance the matter to an agreement with Quebec, has approximately four months, not more, in which to take whatever procedural steps are required in terms of the approval of Parliament, presumably, for constitutional legislation which the government is proposing be adopted, and for consultations with all the provinces in order to obtain the requisite constitutional authority. I wonder whether the Minister believes there is adequate time for this process to take place, if the government does not make its own position known fairly soon?

Senator Murray: We in the government will make our own position known. We have made a pretty good start at it by tabling quite a comprehensive series of proposals last September. These proposals form the basis for the consultations which have taken place within some of the provinces, in the Beaudoin-Dobbie committee and at the conferences that have been held. So we will make our views known in due course.

I cannot answer definitively as to what action Parliament will be asked to take at that time. Whether it will be by way of a general resolution or a series of resolutions to amend the Constitution, that has not yet been decided.

So far as the timing is concerned, the honourable senator should not expect that our goal necessarily is to have a series of constitutional amendments signed, sealed and delivered within a matter of a few months. I remind him that his own province, among others, has put in place procedures for referenda before any amending resolutions can be presented, to or certainly passed by, any of the provincial legislatures.

The Hon. the Speaker: Honourable Senator Austin, I must point out that Question Period has not exceeded the allocated time of thirty minutes.

Senator Austin: I have an additional question on this same subject.

Senator Frith: Why not extend Question Period? We do not have any other business.

Senator Murray: If the honourable senator wishes to complete his questions on this subject, I have no objection.

Senator Austin: I am glad that the Leader of the Government made reference to the referendum process because that was one of the implied issues in my question about the four months and the timetable which is available to the federal governmentin order in order to reach the proposal stage. It is true that in the Province of British Columbia, this was a proposal of the Social Credit government which is now law in that province. I believe it is required in a second province in Canada, but appears to be also very much the espoused wish of the former Premier of Alberta, Peter Lougheed, who believes that there should be a series of mini referenda to approve this process. Each province should have such a process. This was a point he made at the conference in Calgary.

So I wonder whether the government has enough time to accommodate this process again. I know the Minister well remembers the problems of accommodating process. Therefore, I am asking the question whether a decision should not be made reasonably early in this four-month process, let's stay approximately by Easter which is mid-April, on questions of whether there is a charter priority in the distinct society provision, questions with respect to inherent rights as advocated by the aboriginal community, or even of a Triple-E Senate as advocated by so many western Canadians, including very strong conservatives in western Canada.

• (1500)

I am simply suggesting that the government consider putting its own position into the process early rather than late so that we can meet Quebec's timetable, which admittedly is a unilaterally constructed one.

Senator Murray: I appreciate the point the honourable senator has made about the timetable which Quebec has set, but that is, after all, Quebec's timetable. The rest of us are not bound by it. Having said that, we will do our best to get our proposals right and to get them out as soon as we can.

It should be borne in mind, however, that the final federal proposals will not by themselves be of much help to the federalists in Quebec unless there is some evidence of some consensus in the rest of the country, that is to say in the provinces, concerning the constitutional future.

POINT OF ORDER

Hon. H.A. Olson: Honourable senators, I wish to raise a point of order. The Speaker properly advised us when the time allocated for Question Period had expired. I believe 30 minutes are allotted. In view of the fact that we are not going to have a session tomorrow, or on next Tuesday or Wednesday, which is a surprise to some people, at least three question periods are being lost, and I have several more questions to ask.

I wonder if we could have an agreement—and I know it takes agreement—to extend Question Period either until all the questions have been asked or for a 30-minute maximum.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on the same point, I suggest that we consider some informal agreement between the two caucuses to have a longer Question Period. This would allow the government to raise the question of abuse if Question Period were abused.

I understand that these rather draconian rules are a reaction to what took place during the GST debate. A 30-minute Question Period, along with other companion changes to the rules, is meant to make a filibuster impossible in the Senate. However, considering the importance of Question Period, I wonder if, pending re-examination of these rules by the Rules Committee, we could reach an understanding, and I would not expect such an understanding to be settled today, that we would just continue with Question Period if there were questions to be asked.

In the 15 years that I have been here, sitting on both sides—sitting where Senator Lynch-Staunton is sitting and sitting where Senator Molgat is sitting, and now sitting here—I cannot remember any occasion when Question Period was abused. That is, when I was sitting on the government side I did not feel that the Conservatives, when they were on this side, were delaying government business, abusing Question Period in order to stop government business from being done. I do not recall, except with regard to the fears the government had regarding the GST, that Question Period was ever the source of abuse in the Senate.

I cannot understand how any government, except for the period of the GST debate, which was highly unusual, would be able to point to any reason for limiting Question Period. I suggest that it would be more consistent with the traditions of this place if we simply informally agreed that we would leave it for someone to stand on a point of order and say that Question Period was being abused. We are just shutting it off arbitrarily without any demonstration of abuse.

[Senator Austin.]

Hon. Lowell Murray (Leader of the Government): Honourable senators, between 1979 and 1984, under two different governments, there were as many as four ministers of the Crown sitting in this place, all of them with portfolio responsibilities.

Senator Frith: Even then it was not abused.

Senator Murray: Perhaps there was good reason for Question Period to exceed, as it frequently did, 30 minutes. There is now one minister of the Crown here, he a minister without portfolio. It seems to me that 30 minutes should be more than enough to ask questions that this minister can properly or fully answer.

The problem we get into is not an abuse of the time; it is the lengthy preambles and the tendency to debate issues during Question Period.

I am prepared to reflect on any reasonable proposition and I shall do so, but as the one person who is authorized to speak for the government here it has often occurred to me that I should simply do what some of my predecessors many years ago did, that is to take everything as notice and bring replies in.

Senator Olson: Oh, oh.

Senator Murray: Well that was done. My honourable friend can research *Hansard* if he likes. He will see that a Question Period in the Senate was a rarity before 1979, when there were three ministers appointed.

Senator Olson: I want to pursue this. I simply suggested an extension until the questions had been asked. I will even agree to just give notice of them so the minister can bring an answer back on Thursday. I know there are a few other members who have some questions too.

Senator Murray: I am not in a position to remain for further questions today, honourable senators. I am sorry.

Senator Olson: I take it we have agreement to go on a little bit longer.

Senator Murray: I am sorry, but I am not in a position to remain for an extension of Question Period. I do have other engagements.

Senator Olson: Not at all?

Senator Murray: Not today, no.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on this point of order, I understand what the minister is saying. I would point out one thing, however. When you set a time limit for things there is a tendency to use up the full time. When you allot 30 minutes I think you will find that in most cases the 30 minutes will be used, whereas if

it were open-ended you would find that on some days it would not be used and on other days it might go over.

Senator Frith: We have our answer but let us hope we do not do the same thing. Mark that down.

Senator Olson: The fishermen and GATT can wait I guess.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

THIRD REPORT OF STANDING COMMITTEE ADOPTED

The Senate proceeded to consideration of the third report of the Standing Senate Committee on Social Affairs, Science and Technology (veterans and their surviving spouses), which was presented on Tuesday, February 18, 1992.

Hon. Jack Marshall: Honourable senators, may I first express my appreciation to Senator David for allowing me to address the third report of the Standing Senate Committee on Social Affairs, Science and Technology, tabled yesterday, which deals with the report of a subcommittee of Veterans Affairs entitled "It's Almost Too Late."

I appreciate as well the motion of Senator Bonnell, the Deputy Chairman of the committee, to urge the government to table its response to the recommendations contained in the report without further delay and to announce its decision to implement forthwith at least recommendations one, two and three, which deal with the recognition of merchant seamen.

• (1510)

They are as follows:

1. That at the earliest possible opportunity, the Government of Canada introduce legislation to extend full veterans' benefits to all Canadian merchant seamen who served in dangerous waters in Canada's armed conflicts;

2. That the *War Veterans Allowance Act* be amended to define as a veteran all merchant seamen who made at least one trip through dangerous waters; and

3. That the Government of Canada prepare and place in the Peace Tower a book of remembrance honouring merchant seamen who died of enemy action in Canadian armed conflicts and, further, that suitable monuments to their sacrifices be erected.

Honourable senators, I might remind the Senate that there are nine other recommendations. I am taking a chance on restricting my remarks to the three, but I must do so because the merchant seamen section of the report was the one that caught the attention of Canadians everywhere.

It is disturbing, honourable senators, that the Minister of Veterans Affairs, despite countless requests, has not as yet shown the courtesy of responding to our report, which was tabled in January 1991, over 13 months ago, other than the usual robot-prepared letters that say nothing and are almost insulting. This is even more disturbing, given that he has responded and had meetings with the consultation group comprising the three largest veterans' organizations in Canada: The army, navy and air force associations, the Royal Canadian Legion, and the National Council of Veterans Associations, which represent over 90 per cent of the veterans of Canada. I could say 99 per cent.

I have no quarrel with this interchange, because the minister should meet with the veterans organizations, as he does regularly. However, there is no excuse for him to deliberately slight the Senate, which initiated support for the cause of minority groups of Canadians, in accordance with what I understand is one of our duties as senators.

Furthermore, the members of this consultation group have made known to the minister that they, all three of them, support the recommendations of the Senate subcommittee. I quote from a letter from the then chairman. The letter is addressed to the Honourable Gerald Merrithew, PC, MP, and dated October 31, 1991. It reads as follows:

> Dear Mr. Minister:
>
> The National Council of Veterans Associations, at its Annual Meeting in Toronto today, approved the following Resolution:

I will dispense with the resolution, because it refers to the same three recommendations I read before. It goes on to say:

> This would appear to mean, in effect, that the position of the N.C.V.A. regarding Merchant Seamen can be interpreted as being either that as set out in the Consultation Committee Submission to you of May 8, 1991

—nine months ago, and three or four months after we tabled the report and sent the minister a copy—

> or that set out in the Report of the Senate Subcommittee. In other words, my feeling, and that of the N.C.V.A., is that we are prepared to fully support the recommendations of the Senate Subcommittee which we believe forms the basis of the proposals from the Merchant Navy Coalition.

Now if that is not enough to get the government to act, I do not know what is.

> Alternatively, we would continue to support the position of the Consultation Group

—and that is three organizations, who represent over 90 per cent of the veterans of Canada—

> as forwarded to you last May.

The last paragraph reads:

> The position of the N.C.V.A., as outlined herein, was discussed at the Consultation Committee Meeting in Ottawa October 28th, 1991. It was agreed at that time that Mr. Jack Jolleys, Chairman of the Consultation Group, would write to you advising that the Consultation Group is in agreement with the proposal that it support either the position set out in its Submission to you of May 8, 1991, or that of the Senate Subcommittee.

The letter is signed by H. C. Chadderton, N.C.V.A. Chairman. Mr. Jolleys, the president, wrote to the minister in November and indeed gave his unqualified and unconditional support.

After the tabling of our report in January 1991, and on behalf of the committee, we sent out some 2500 petitions to veterans' organization across Canada to test support across the country. We received over 17,000 signatures and hundreds of letters of support telling us, in the main, that at last someone was taking up the cause of a forgotten group of Canadians.

Those people that are groping around for something to replace the Senate with are talking about Senate reform and the need for Senate reform and they don't even know what Senate reform means. They should think again about what we do here. Nobody is in the gallery, and nobody will pay any attention anyway, but at least we get the satisfaction that we are doing something.

This forgotten group of Canadians, the merchant seamen, offered their lives in the war effort on the same basis as those who wore a uniform and under the same dangerous conditions in every aspect of war, and most Canadians agree on that.

The reaction of those who signed the petition can be multiplied at least by three, including family, friends and supporting veterans. As well, the response of merchant seamen to members of the Parliament prompted the House of Commons committee to open hearings which resulted in a report that was similar in content to that of the Senate committee. They produced three recommendations, all of which were compatible with those of the Senate committee.

Two things happened, honourable senators, which makes a mockery of doing what is right. While most senators and members of Parliament support the recognition of merchant seamen, we gave away an opportunity to show the people of Canada that we can do something right. I refer to our vote in the chamber to uphold a Speaker's ruling against Bill S-5. In the other place shortly thereafter, a motion to concur in the House of Commons report was talked out. Acting together, both houses could have done more for Parliament by unanimously approving both reports than all the usual PR, and without its costing one cent for public relations, rather than the millions that are spent on telling everybody what a wonderful country we are.

I indicated that I had several letters from the minister, and I made several requests. The last one I received was January 28, 1992. I want to give you an idea of what a colleague writes to another colleague. This letter is addressed to myself from the Minister of Veterans Affairs.

> Thank you for your letters of November 18, November 21, and December 2, 1991 . . . .

I wrote him so many letters that he had to take three at once and respond to me.

> . . . .concerning the Senate Sub-committee report's recommendations in respect to merchant mariners.

Lieutenant-General James C. Smith was commissioned by the minister to look into the merchant navy situation. I could have given him Gordon Olstead, the person who is leading the Coalition of Merchant Seamen, who knows more about the merchant seamen and the legislation than anybody, and he would have done it for nothing.

[Senator Marshall.]

> Lieutenant-General James C. Smith is currently reviewing all aspects of this matter, and is consulting with the organizations concerned. I believe that this approach is both fair and responsible, and provides the best opportunity in many years of resolving what has been a most difficult issue.

I can tell you, honourable senators, it would not have been an issue if the Senate subcommittee had not taken up the cause, and the minister knows it.

He goes on to say:

> I am pleased to say that the review is now very far advanced.

After 12 months, that is the response I get from the minister.

> While I recognize that this is not the reply you would have wished, I thank you again for seeking this update.

Honourable senators, I have other motions on the Order Paper where I can elaborate more on what is happening. I understand that we might be hearing good news from the minister within the next day or so. I speak on this mainly to uphold the work of the Senate, work which is completely ignored. I hope to move the adoption of the report at this time.

Hon. Senators: Hear, hear!.

• (1520)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I should like to begin by complimenting Senator Marshall and the members of the sub-committee for the work that they have done in this particular field. The report that they have produced is an excellent report—one that has been done in depth, and with a great deal of scrutiny in advance.

The report speaks for a group of Canadians growing ever smaller and which now has less and less people in either house—that is, the House of Commons or here—who are directly involved and who are themselves veterans.

The work of this committee is a sample of the work that Senate committees do. The Senate has been complimented on many occasions in the past for the quality of its reports. It would not be proper for any of us who are here to say that they are comparable to royal commissions, but I have certainly heard it said by others outside of this chamber that the work of many Senate committees is equal to that of royal commissions and comes a great deal cheaper. This is an area where the Senate can do much more work.

I should like to make a suggestion with respect to a process which has been used in the past—it is not a new one. We used it some years ago, particularly when Senator Everett was chairman of the National Finance Committee, at which time we did a number of studies. For example, one was done on manpower and the Public Works Department. The process that we used then was to submit the report to the minister, and then some reasonable time after that—say, six months or at the most a year—we would invite the minister and his officials to come back before the committee and discuss the report with

us: For example, whether there was something wrong with the proposals; what they agreed with or did not agree with about the report, and if they did not agree, why they did not agree. In any event, there would be an exchange of ideas.

It may well be that the minister has some sound reasons why he cannot accept some of these recommendations, but at the very least he should come and tell the Senate and respond to them.

Senator Marshall is asking that he give us a written response. That is an excellent idea, but I would go further than that. I would invite the minister to appear before us at a time of his convenience. We should not be dictatorial and say that he must come on such and such a date, but perhaps he could give us a date within, say, the next two months, when he is willing to come before the committee and discuss the committee's report. Or he could come before the Committee of the Whole. That would also suit me fine. This is the kind of response that we could get. He can bring his officials with him. We could have a dialogue and see where our recommendations may not be acceptable, in which case, as reasonable individuals, we would say, "All right; you have a fair case". But in those areas where the recommendations are feasible, then we might put some pressure on the minister to proceed with such measures. This is a procedure that we should use for all of our Senate committees.

It is true that the ministers do not sit in this chamber, but we are a proper parliamentary chamber with constitutional responsibilities. There is absolutely no reason why the ministers should not respond to recommendations and requests from this house to appear in response to sensible or well-documented and well-studied recommendations by committees of the Senate.

Therefore, Senator Marshall, I am quite prepared to adopt your report, although I would like to add to it that we request the minister to appear before either the Committee of the Whole or the committee responsible for this report.

Senator Marshall: I thank Senator Molgat for his words. However, I want to remind him that whenever I call, the answer I get is that they will give me an answer to all the recommendations by the end of February.

Evidently the House of Commons have an order which states that they can ask the minister to report within 150 days. We do not have such an order for some reason or another. That is another thing that the Rules committee should look at. If we are to go ahead and spend money on making a report why, then, do we not have the clout to request that the minister respond within a certain number of days?

I accept the suggestion of Senator Molgat that we call the minister. I remind you that I did move the adoption of the report.

Hon. Noel A. Kinsella: Honourable senators, I, too, wish to compliment our honourable colleague, Senator Marshall, for his work here. As a newcomer to this chamber, I want to understand not only the rules by which we operate but also the larger relationship between this chamber and the other place.

When there is an important study that has been executed by a committee of this chamber that relates to ministerial responsibility—and since this pursues Senator Molgat's question, perhaps I might put the question to him—what kinds of specific steps can be taken to put the necessary procedure in place if it is not already part of the tradition, or if it has never been part of the tradition of this house? Surely, in the history of the institution there are examples. What would you say would be the series of specific steps that could be taken so that a minister might be compelled to appear before the committee that has used public funds and had the authority of this legislative chamber to make the inquiry in order to have the response that, from a common sense analysis, should be forthcoming.

Senator Roblin: Just ask them; that is all.

Senator Molgat: Honourable senators, I think Senator Kinsella was asking me a question.

Senator Marshall has indicated that in the other place they do have a specific way of doing it. In our joint committees we have used that technique because, being a joint committee, we could use the house order. For example, in the report on the Special Joint Committee on Senate Reform in 1984, we ended Chapter One by saying:

> We urge the government to implement our recommendations as soon as practicable and request, pursuant to Standing Order 69(13), a comprehensive response to this report.

Therefore that technique is available in the House of Commons. I do not know whether—and we would have to ask our experts—if we made such a rule, we could impose that kind of rule on government. I do not know whether that would be feasible, but it would be an interesting matter for our law officers to study. That is one technique. Surely the simple technique of asking the minister should be enough.

• (1530)

I really cannot visualize a minister of the Canadian Government refusing a request from a committee of this house that he appear before the Senate on a report that has been submitted to him, after giving him sufficient time to study it. That simple kind of request has worked in the past when it was used. It is a technique we could follow, and frankly I prefer that approach to those dogmatic instructions that state "you must" and so on. That is part of my view on the rules we have now as matter of fact. I suggest we simply make a request. When any of our committees produce a report they should follow that technique. I think it would be good for government and for the Senate, and we might restudy the matter once we get a response from the minister and his officials. We might find there are other things we want to recommend.

[*Translation*]

Hon. Paul David: Honourable senators, I should like to take this opportunity to extend my warmest thanks to Senator Marshall, who is something of a champion for veterans in Canada. I would also like to thank the members of this House for accepting the addition of three persons on the Committee

on Social Affairs, Science and Technology to accommodate the needs of the Sub-Committee on Veterans Affairs with respect to meetings.

It seems to me that we could easily invite the Minister for Veterans Affairs, as suggested by Senator Molgat, to appear at least before the Committee on Social Affairs, Science and Technology and its Sub-Committee on Veterans Affairs chaired by Senator Marshall. I think this is an excellent idea. I very much doubt that the minister, who is on good terms with Senator Marshall but seems a little slow to provide concrete answers, would refuse such an invitation. He would be pleased to be heard by the Sub-Committee on Veterans Affairs or the Committee on Social Affairs, Science and Technology. I will gladly discuss this further with my honourable colleague, Senator Marshall.

[*English*]

Senator Marshall: Honourable senators, I hesitate to take more time so perhaps I should move the adoption of the report and ask that the minister be called before the Committee of the Whole at his earliest convenience.

Senator Molgat: I wonder, Senator Marshall, if instead of saying "called" we could say "invited". I think we might get better results.

Hon. Duff Roblin: Honourable senators I have really not been closely associated with the work that Senator Marshall has done in this particular respect, but I cannot help but be impressed with the bulldog manner in which he has dedicated himself to this particular problem. It is important and affects the lives of my comrades in World War II. I would like to tell him how much I appreciate the work he has done, and I am sure the house warmly supports his initiative.

I would like also to say that I agree with Senator Molgat that all that is necessary to get the minister to attend is to ask him. In former times and in other committees when a report was prepared and the minister had not appeared to pay much attention to it, or even if he had, he was asked to come before the committee concerned to provide an opportunity to discuss the issues, to clarify matters and to find out where the areas of agreement and disagreement were. It was an educational process on both sides. I am sure of that.

I have one cautionary word, and that is to say that in my view it would be better to ask the minister to come not to the Committee of the Whole but to the standing committee. That is the body that considered the issues concerned. They have a close knowledge of those issues and it is their report. It seems to me to be desirable to consider the advisability of his coming before the particular committee concerned. If at a later time we wish to have the minister appear before a Committee of the Whole House it could be considered. It seems to me the first step is to get the committee to work. All that is needed in that respect, in my view, is to get Senator David, who is chairman of the full committee, in cooperation with Senator Marshall, who is chairman of the sumcommittee, to invite the minister to come on the terms that have already been proposed, namely at his convenience within a reasonable period of time. In that way we might get to the root of any problems that exist and perhaps make speedy progress on an important matter of public concern.

Senator Molgat: I wonder if I might ask Senator Roblin a question with regard to where the minister might be invited. I can see some logic in inviting him before the committee itself, because it is the one that studied it. On the other hand, after the motion by Senator Marshall, the report, once adopted, is really a report of the Senate, and it is all of the Senate that will now pronounce itself shortly on the report. It is now part and parcel of the whole Senate. There might be some benefit, therefore, in having him appear before the Committee of the Whole where the entire Senate can participate.

Senator Roblin: If that was the question I will be glad to offer a comment on it. The practice has been in the past that the committee is the body to which the minister should report. It is true that the report belongs to the whole Senate and if the Senate wishes to have the minister appear there is nothing to stop it from asking him to do so. I would suggest that the first remedy we should seek is to have the minister appear before the committee itself for the reasons already stated. It is the most effective way of coming to grips with the matter.

Hon. M. Lorne Bonnell: Honourable senators, I want to add my support to Senator Marshall and mention the frustration the committee has experienced in looking for straightforward answers to questions, and particularly when it comes to the merchant seamen. We have been pressing for this measure. We initiated the program. We have the support of the Legion and its branches and the support of the country. But we do not seem to be able to get any definite response from the department. I do hope, and I do believe, that the minister is on our side. I believe the minister might feel supportive toward the veterans and supportive toward the merchant marine. I think that the minister may need our support. Therefore, by adopting this committee report, we will give him strength to pursue some action from the Treasury Board and from his colleagues in the other place to get something done, soon and now, on behalf of our sick mariners and our mariners who fought so hard during the war, many times with no support.

Our navy had guns on their ships but our merchant seamen had only supplies. As a result, because they crossed the North Atlantic many times, many lives were lost, even just off the coast of Halifax. We even lost a great ship traveling to Newfoundland, the *SS Caribou*, which was sunk by the enemy. Of course we learned afterwards that submarines were seen in the Gulf of St. Lawrence between Nova Scotia and Prince Edward Island. We even lost ships in the St. Lawrence Seaway. These people risked their lives every day. So by supporting this motion, honourable senators will be supporting the minister and the merchant seamen and giving an extra incentive to the government to dig into its pocketbook on behalf of these families. Unfortunately, many of them are no longer living, and, in fact, it is almost too late for the rest.

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

Motion agreed to and report adopted.

● (1540)

SENATE REFORM

MOTION TO APPROVE THE PRINCIPLE OF AN ELECTED SENATE CONSIDERATION IN COMMITTEE OF THE WHOLE CONTINUED

On the Order:

The Senate again in Committee of the Whole on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Hébert:

That the Senate of Canada agrees with the principle that the Senate be reformed, by making it an elected body with sufficient membership and power to effectively represent the people of Canada in all regions of our land.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the motion, the Honourable Nathan Nurgitz in the Chair.

The Chairman: Honourable senators, as we proceed further in Committee of the Whole, I understand that Senator Grimard is prepared to proceed.

Senator Grimard: Two or three days ago I received a memo from my dear colleague, Senator Doyle. In his memo, Senator Doyle asked me if I agreed with an article printed in the *Globe and Mail* on February 1, written by Mrs. Lysiane Gagnon. He also asked me if this article reflected the consensus of Quebecers.

May I read for you, honourable senators, a few lines of this article:

> Quebeckers are just beginning to talk about Senate reform, and only because they are being forced to do so.
>
> Until Calgary's constitutional conference last weekend, it was—

This is very important and I think she is correct:

> —it was a dead issue in Quebec. Nobody ever gave much thought to the Senate . . . Whenever people were polled on the issue, most would spontaneously opt for the pure and simple abolition [of the Senate].

In fact, there were statistics published by a Gallup poll last December. Those statistics were to the effect that 34 per cent of Canadians were in favour of the abolition of the Senate and 46 per cent of Quebecers were also in favour of abolition of the Senate.

I have the feeling that, for Quebecers, the question of the Senate is a second matter subject, and Mrs. Lysiane Gagnon seems to have the same opinion because in her article she wrote that, for Quebecers, "Senate reform is little more than a hobbyhorse for the political class."

Even if my friend Senator Doyle is not here, I must answer his question: Yes, Senator Doyle, the article of Mrs. Lysiane Gagnon reflects very well the general consensus of the people of the province of Quebec.

Honourable senators, let us go back to the motion proposed by the honourable Senator Molgat "That the Senate of Canada agrees with the principle that the Senate be reformed, by making it an elected body."

Honourable senators, how can I be in favour of an elected Senate when I do not know the numbers of senators either by provinces or by regions? How can I be in favour of an elected Senate when I do not know when the election will take place? Will the election take place on the occasion of a provincial election or a federal election, or between a provincial and federal election? Nobody knows. How can I sign a blank cheque?

Honourable senators, how can I be in favour of an elected Senate when I do not know for how many years the new senators will be elected? How can I be in favour of this motion when I do not know if the new senators will be obliged to have a full-time job?

I am a member now of the committee that is studying Bill C-43 on conflicts of interest. We are discussing Members of Parliament and senators.

I regret, but, at this stage, I cannot be in favour of the motion proposed by Senator Molgat.

[*Translation*]

But there is more, honourable senators. I would like us to put partisan politics aside and to look at each other as if we were all sitting in an amphitheatre.

I see next to me and in front of me senators who are eminently well qualified: former provincial premiers; former ministers in provincial and federal governments; businessmen; professionals; farmers, people of all professions and from all parts of the country who are eminently qualified.

I also forgot, because I am old, 66 or 67, and we sometimes forget that we are in 1992 and there are not only wonderful men but also wonderful women. I thank my colleague, Hon. Senator Chaput-Rolland, for reminding me of that. Thank you.

All of this is to tell you that I do not want to get into personalities, I do not want to name individual senators one by one, but I wonder if each of us went back 10 or 15 years to when we were younger, how many of you would agree to face the voters?

I believe that the Premier of Ontario was right to say that we should maintain the status quo in the Senate. That is what the Hon. Bob Rae said a few weeks ago.

I also share the opinion expressed on the weekend by the former Premier of Alberta, Mr. Lougheed, that if there is a way to reach a constitutional agreement and the Senate issue holds it up, we should set it aside; first we should deal with the Constitution and then with the Senate.

I conclude, honourable senators, because of the time limit. I must tell you that I favour an appointed Senate over an elected one. I realize that, rightly or wrongly, most people do not seem to like the Senate in its present form and since I am against an elected Senate, I must say what I think frankly. For all these reasons, regretfully, I am for abolishing the Senate.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, could I ask Senator Grimard a question? It is not really a question; let us say it is a request.

Could he give us a copy of this article by Lysiane Gagnon, since I did not have an opportunity to see it and I would like to have a copy. If this article is in *Quorum*, just tell me what volume and I will find it myself.

Senator Grimard: I will obtain a copy for you, Senator Molgat. I made some notes on my copy, but I will get another one and have it delivered to your office with pleasure.

Hon. Paul David: I would like to ask Senator Grimard a question. I read the article in question. It talks about the people of Quebec, but I wonder if he has an idea of what the political leaders think about the Senate issue. So far, I think, they have been very silent on it, unless I missed something in my reading.

Could you give me some information on that?

Senator Grimard: Senator David, I agree that Quebec has been silent on the matter. I think it is pretty obvious that only two things are on our minds: the distinct society clause and obtaining additional powers.

Lysiane Gagnon and the Gallup polls say it is true that in Quebec the Senate issue does not command the kind of interest shown, for instance, in Western Canada. I share your opinion. You asked me a question, but I think you answered it yourself when you said that the provincial authorities had never shown any interest in an elected Senate. The subject has focused the interest of the other provinces, however, and the Western provinces in particular.

I quite agree with Lysiane Gagnon's article. Sometimes we like journalists when their articles reflect our philosophy and are more likely to criticize them when they do not. In this case, I think Ms. Gagnon accurately described the mood of the people of Quebec.

Senator Molgat: Would Senator Grimard entertain another question? Provincial governments, especially in Western Canada and perhaps less so the Maritimes, have been interested in this matter for some time. In fact, only recently, the Premiers—I think all Western Premiers—spoke out in favour of an elected Senate.

People keep telling us that if we are going to deal with Canada's constitutional problems, we should be prepared to make a few concessions instead of taking the die-hard position that we should abolish the Senate altogether, if we will not consider an elected Senate.

Don't you think we should look for ways to agree instead of taking a rigid position?

Senator Grimard: Senator Molgat, I much appreciated the comments your colleague, Senator Olson, made yesterday. You are in favour of an elected Senate, but Senator Olson strenuously objected because he felt it was impossible to prevent an elected Senate from becoming partisan.

I will be frank. We were appointed—you may exclude me from the following remarks—but we are all competent people, each in our own way. We may have been appointed for certain reasons which may be political, but the fact remains that those reasons do not mean a person is any less competent and does not take away from that person's inherent qualities.

Don't you think our judgment is just as good, even if we were appointed? I don't see how an elected Senate would have better judgment.

I was also glad to hear one senator say yesterday, and it may have been my colleague, Senator Di Nino, that it was too bad we did not have regional caucuses.

Senator Kenny referred to this a few days ago. I would like to see a caucus of Progressive Conservative and Liberal senators from Quebec. It would help us understand each other's views and do something for our region and our province. And the same would apply to the other nine provinces.

When I said I was in favour of abolishing the Senate, since apparently, people do not want an elected Senate, this does not mean I would embrace the concept wholeheartedly or that I would not make any suggestions for improving the Senate in its current form, without having to go to the electorate, something that would involve us in a lot of political partisanship.

In this respect, I agree with the views expressed yesterday by Senator Olson.

• (1550)

[*English*]

Senator Phillips: Honourable senators, I am grateful to Honourable Senator Molgat for introducing his motion and thereby providing me with the opportunity to participate in what I call the feeding frenzy of the constitutional discussions. I have visited a number of trout farms, and I have always been amazed when the proprietor tosses a bit of food onto the surface of the water. So many trout will rise from beneath the water and swim around in a frenzy for a while. I have a feeling that at many of our meetings and conferences on the constitution, a lot of feeding frenzy took place.

The participants, I am sure, were well intentioned. All thought they had good ideas, but they reminded me very much of children at their meals. They wanted to skip the broccoli and the potatoes, and they were very anxious to get to the dessert, that is, the Senate.

The Senate, of course, has its faults and has not always operated in the most effective way, but somehow I find it difficult to believe that the appointed Senate is responsible for all the ills of this country. The Senate has been dominated for too long by too many Grits. There is no doubt about that. They have avoided too many issues and supported too many Liberal ideas. The only reason they could support many pieces of legislation was because that legislation was introduced by a government which they were supporting, and they could not say anything against them.

However, again I emphasize as a non-partisan, objective individual, I do not want to blame the Grit senators for all the ills of this country. The House of Commons, present and past governments, have a share in the blame. So do the provincial

premiers and the legislatures. I say that, instead of debating Senate reform, we should be considering Parliamentary reform. There are many reforms required not only in the House of Commons, but in the sharing of responsibility, the division of powers, and I think that we should be looking at that.

It has been suggested that we should be having a look at the separation of powers, with the Prime Minister elected separately, and not present in the House of Commons or responsible to it. I think that the present mood of the electorate requires us to take a look at this idea.

• (1600)

Honourable senators, it is fine to come up with a number of resolutions. I believe it was the Attorney General of British Columbia who described the resolutions coming out of the Vancouver conference as "fuzzy", and I think he was being very kind when he described them in that manner. If we are to talk in a meaningful way about Senate reform, as Senator Grimard has said, we have to know what are the powers of the Senate. How many members would there be in the new Chamber? What type of election will we have for senators?

I remember on one occasion several years ago, Senator Roblin and I discussed the election of senators. We disagreed on the method of election. In my view, if we are to have an election, we must thereby elect senators. We cannit simply look around and say, yes, we must have an elected Senate, but my God, do not have an election. We have to have an election, and I do not want to see the debate becoming one in which we try to find a method of avoiding an election.

Senator Molgat mentioned earlier in his remarks that the debate on Senate reform began right after Confederation. That is true, but the idea of an elected Senate for the sake of an election has gained momentum in the last few years as the media is feeding the public with the idea that our Senate should become active and copy the American form of the Senate.

Last August, I attended the meeting of the Commonwealth Parliamentary Association in Victoria, B.C. At that meeting, many of the delegates were surprised to find how much of the American presidential system has already been grafted on to our British parliamentary system. I am not convinced that we can continue to graft on to the British parliamentary system without stopping and having a look at the whole question and deciding what form of government we want to have in the future.

We can describe the present mood of the public as similar to someone who just received their Christmas Visa bill, and they have said "No more expenditures until you get your house in order." The general public is concerned with our deficit, our debt, and they are looking at ways to send a very emphatic message to Parliament, and Parliament includes the House of Commons. Then we hear talk of constituencies having the power to re-summon or recall their Member of Parliament if he or she is not expressing their wishes. They feel that unless a member maintains a political umbilical cord, that they are not fulfilling their function. I think that feeling will increase rather than decline. Here again I emphasize that we have to take a very careful look at the whole picture, not just of the Senate itself, but that of the entire political system in Canada.

The last Constitution was passed in 1982. Ten years ago, we attended ceremonies in front of the building when Her Majesty the Queen signed the Constitution. Here we are, ten years later, back in a feeding frenzy again.

So let's take our time and do it right this time. It is relatively simple to draw up a constitution at two in the morning with the assistance of two or three bottles of scotch. It is much easier to solve a problem then. The unfortunate situation is that it was all the non-participants who were not in that kitchen who got the headache, rather than Roy Romanoff and his friends.

Desire for an elected Senate increased after the Trudeau government introduced the National Energy Program. Premier Lougheed of Alberta was particularly vocal in this regard. However, at the same time, he was protecting his own turf by saying only Premier Lougheed spoke for Alberta. I must admit he was a very capable spokesman and I am sure had the respect of the vast majority of Canadians. However, the question then arises, what did he expect from an elected Senate if only the Premier of Alberta spoke for Alberta?

The idea of representation of regions became popular with those who advocated an elected Senate. The idea was presented that if the western region had more representation in an elected Senate, that would enable the Senate to perform miracles; in fact, I would almost say miraculous miracles. The four western provinces presently have 24 per cent of the members in this Chamber. They also have 86 members or 30 per cent of the members of the House of Commons. Westerners love to complain. I frequently go west to visit family members and I find even they have adopted the attitude that the west is isolated and outnumbered.

Let us compare the representation of the four separate regions. I have already said the west has 30 per cent of the elected members in the House of Commons. Ontario has 99 members, or roughly 34 per cent of the elected members in the House of Commons. That is a difference of 4 percentage points. I think Quebec has heard before from other regions that Quebec dominates Canada. It has 75 members, or 25 per cent of the membership in the House of Commons. Atlantic Canada has 32 members, or 11 per cent of the elected members in the House of Commons. Ceaseless and constant complaints from Western Canada about lack of representation do not stand up under that type of scrutiny. As a representative of Atlantic Canada, I can only say that I wish our area had 30 per cent of the members in the House of Commons. It is always possible for Western Canada to combine with another area and thereby exert greater influence in the House of Commons. If the western region and Quebec combined, they would have 55 per cent of the membership in the House of Commons. The Atlantic provinces and Ontario combined would only have 45 per cent.

• (1610)

Yesterday, Senator Olson made reference to the fact that the west is extremely well represented in the present government. It has the deputy Prime Minister, who is also the Minister of Finance, and it has the House Leader. It also has a former Prime Minister as a representative in the cabinet. I chose Quebec and the western provinces because of that combination. The two areas represented by the Prime Minister and the deputy Prime Minister constitute 55 per cent of the House of Commons. I am beginning to wonder what type of representation Western Canada wants. I do not think all the nationalists are in Quebec. I think there are a lot of them in Western Canada. It is probably time for them to stop and have a look at that fact.

The Chairman: Senator Phillips, on the question of stopping, I was about to point out to you that I, too, was carried away with your eloquence and have allowed you to go on for over 13 minutes. The rules provide that you may speak for ten minutes on any one occasion.

Senator Molgat: We are quite prepared to have him continue.

Senator Phillips: I thank you. I should warn you that I could take the rest of the afternoon on this subject. However, I promise that I will not do so. In fact, if you are getting too bored, let me know.

Senator Roblin: You are doing fine, keep on going.

Senator Phillips: The proposals that have been advanced for a Triple-E Senate began in Western Canada. I notice that many of the Atlantic premiers are now saying that they must have a Triple-E Senate. I wish they would face facts, because they have as much chance of getting a Triple-E Senate as I have of becoming premier of Quebec, and I think that is a pretty slim chance.

Senator Molgat: Have you considered it?

Senator Stewart: Honourable senators, would Senator Phillips permit a question?

Senator Phillips: Certainly.

Senator Stewart: The honourable senator has said that he thinks that there is no real chance of getting a Triple-E Senate. Would I be correct in thinking that the problem is not the second E or the third E but rather the first E, namely an equal Senate? Would that be the obstacle to a Triple-E Senate?

Senator Phillips: Yes, it would be. I think it is unreasonable to expect the province of Quebec or the province of Ontario to accept the same number of senators as my province or the province of Senator Molgat.

You will recall that in the last round of constitutional discussions, the Meech Lake discussions, the then premier of Ontario, Premier Peterson, offered a certain number of his Senate seats to Western Canada. I think that factor contributed to his lack of support in the last provincial election. I would hate to be the premier of Quebec who would offer up five or ten of Quebec's seats. I have some misgivings about Quebec dropping below 25 per cent in an elected Senate.

I have developed a proposal, honourable senators, for an elected Senate based on 125 members. The western region would have 40 members, the provinces of Ontario and Quebec would each have 20, the Atlantic region would have 40, and the territories would have five. The western region, which, as I say, is the main source of complaint about under-representation, would have 40 members or 32 per cent of the chamber. That is an increase of 8 percentage points, which is very interesting, until you realize that they already have 30 per cent in the elected House of Commons and they are not satisfied with that. They feel they are under-represented.

I believe that the western region will also look at Atlantic Canada and say that they do not deserve 40 senators. I do not think I will be wrong in that prediction. Honourable senators, how can they present that argument when they complain that 30 per cent of the membership in the House of Commons allows them to be dominated by Quebec and Ontario and demand greater representation in the Senate because of their population, and then say that the Atlantic provinces are not entitled to the same increase? The purpose of the Senate is to overcome the regional membership in the House of Commons where the membership is "rep by pop".

Senator Molgat: Would Senator Phillips permit a question?

Senator Phillips: Certainly.

Senator Molgat: The question arises out of your statement that you do not think the west would be agreeable to giving the Maritime provinces an increase. I would like to know where you get that information. As you know, I do not happen to be a straight Triple-E supporter. I am for greater equality but I do not think we can have exact equality. However, the Triple-E supporters are saying it should be the same number for every province. That means that every province in the Atlantic region would have exactly the same number as every province in the west. So where do you get the idea that westerners would not be generous toward the Atlantic region?

Senator Phillips: I am basing that view on the Meech Lake discussions. When it came time to talk about adjustments in Senate representation, the western premiers were quite willing to take their increase but they made no representation for an increase in Atlantic Canada. It is on that basis that I make that statement. It is a projection, but one that I predict will come true. The award of the F-18 contract accelerated the demand for an elected Senate. Perhaps it would be in order to take a moment and review the events in the House of Commons when this contract was announced. The opposition members, in particular, played to the TV cameras in the chamber. They wanted to have an emergency debate. The Honourable the Speaker, John Fraser allowed the debate, which began at 8 o'clock in the evening and went on until shortly after midnight. They then folded up the proceedings and went home without a vote, which makes me wonder why they would have an emergency debate in the first place. If it is important enough to have an emergency debate, surely it merits a vote.

• (1620)

Senator Stewart: Is that not a standard technique in the House of Commons?

Senator Phillips: It is, and that is another reason for looking at the whole picture. I am puzzled by the fact that they went home and why they followed that procedure. The only excuse I can give for doing that is that the members in the House of Commons, who were very concerned with our expense allowance, get about $350 tax free for each day they sit in the other place. I suppose if they are paying that for a hotel, they want to get back to it without voting. Perhaps that is why they avoided doing that.

I noticed afterwards that Harvie Andre kept trotting out Maps of Western Canada and saying, "But this contract shows us why we should have an elected Senate." My question is very simple: What could an elected Senate do about that contract that an elected House of Commons could not do? I ask someone to give me that answer. As Senator Grimard said, it is difficult to decide whether you support an elected Senate or an appointed Senate until you are told these things.

Premier Getty and Premier Filmon are very strong advocates of an elected Senate, and on the east coast Premier Wells is an equally strong advocate of a Triple-E Senate. It is time for these gentlemen to come forward and tell us what they expect the Triple-E Senate to do. The picture is very fuzzy, and I do not want to decide one way or the other until I have had an explanation. I have concerns with an elected Senate, which I will express later. However, there are one or two advantages that I can see, and I want to mention those. It has been suggested that an elected Senate could take special responsibility for the Charter of Rights and the social charter which is proposed for the new Constitution. This is a very reasonable function for an elected Senate to perform. The provinces presently receive from the federal government billions of dollars for various programs, such as health and education, and for regional development programs such as the ERDA program. These programs usually function on 70 per cent federal funding and 30 per cent provincial funding. I am speaking here of the ERDA, not necessarily health and education; that is more 50-50.

Senator Molgat: It used to be.

Senator Phillips: What disturbs me is the fact that the federal government gives this money to the provinces and then receives no accounting for two years after the money is expended. I am not convinced that all this money is wisely spent by the provinces. It would be an excellent function for an elected Senate to supervise the expenditure of the federal funds transferred to the provinces.

There are those who will say that such supervision by the Senate would be an intrusion into the provincial field. That does not disturb me. The provincial governments, in some cases, are demanding more say in the federal budget. They complain that they have no input. I have been in political life for some time now, and I cannot recall a provincial premier having been satisfied with a federal budget. Perhaps Senator Roblin can recall some that he supported, but what I usually find is that the provinces do not look at the entire picture, but rather at their own particular needs. I would like to see the federal-provincial expenditures supervised by an elected Senate.

There are certain disadvantages and concerns I have with an elected Senate. Admittedly, I am presenting the worst-case scenario, but it is nothing unusual in politics to present the worst-case scenario. I have done it before, and I am sure Senator Molgat has, also.

Senator Molgat: Oh, no, heaven forbid.

Senator Phillips: Let us consider that the elected Senate is of the type envisioned by Senator Molgat. They have been elected independently of political parties. They have no allegiance to Canada as a complete country. They concentrate on the narrow aspects and requirements of their region. They would not attend party caucuses and have no association with any government programs.

Presently, the dairy farmers are concerned with the GATT negotiations. Indeed, we all are, because any change in that arrangement would be disastrous to our dairy industry. However, I noticed in today's *Quorum* an article from one of the papers where someone was putting forward the viewpoint of the urban dweller who is paying more for dairy products because of our supply management system. Suppose a senator from an urban area is elected from a special interest group. Suppose a consumers group elects a number of senators from one of our major cities. Does anyone believe that that senator will stand in this chamber and vote for $2.2 billion in dairy subsidies each year? I do not think so.

The Atlantic Canada Opportunities Agency has been very beneficial to Atlantic Canada. It was introduced as a budgetary measure along with the Western Diversification Fund. For some particular reason, the Grits in this chamber opposed the ACOA.

Senator Stewart: That is not true

Senator Phillips: What would happen, honourable senators, if a number of senators from the—

• (1630)

Senator Molgat: Sorry, Senator Phillips, but I do not think your statement is correct that the Grits opposed ACOA. Would you not like to check your sources on that? I recall the proposed splitting of ACOA.

Senator Phillips: I will check, but I seem to recall several votes in the Senate on ACOA. Perhaps my memory is wrong.

Senator Molgat: I am sorry, but that cannot go on the record because I do not think that is correct, Senator Phillips.

Senator Phillips: I will check the records.

Senator Stewart: Is it not a fact that Liberal senators contended that the ACOA portion of the bill could go forward quickly but that there were problems with regard to the clauses concerning the Enterprise Cape Breton Corporation, which caused some difficulty. The whole bill was held up

largely by yourselves because you were unwilling to see the bill divided so that ACOA could go ahead immediately.

Senator Phillips: You bring up an interesting point, my honourable friend. They wanted the bill divided.

Senator Molgat: That is right.

Senator Phillips: Thank you for your assistance. Suppose the elected senators, with no allegiance to anyone, now want the ACOA bill divided. Imagine a situation like that. Those from the large, urban areas of central Canada might say "No ACOA bill unless we get similar treatment." What would a government do in a situation like that?

A minister planning a development program of that nature would have to go through three procedures: First, he would have to obtain approval and funding from the cabinet. He would then have to obtain approval in a House of Commons where there was no party system. Hitherto, party systems have been the method by which government ensured these programs.

Senator Roblin: In a Senate process?

Senator Phillips: No, in the House of Commons, because they are allowing more free votes under the constitutional proposal.

To continue, the hypothetical program would then come before a regional Senate of independent senators with no political allegiance. One would have to try to get it through those three procedures. Under such a system there would be a lot of programs waiting around for a number of years for funding and approval.

Presently, the Atlantic fisheries—mainly because of the shortage in northern cod—are in great difficulties. I would like to see early assistance for those affected. However, in an elected, independent Senate I suspect there would be some bargaining. For example, "We will support your fisheries problem if you will support the requirements of the industrial problems in Ontario or the requirements of the grain farmers in western Canada." What would be the delay resulting from such bargaining?

It is true that in the American system they can add clauses to a bill to allow for that bargaining. Under our system, however, only a cabinet minister can introduce a money bill. I am afraid that we would meet delays in that regard.

Senator Molgat, in reply to one of his questions, referred to the increased power of the bureaucracy. I recall quite often discussing this matter with the late Senator "Hammy" McDonald, who is well known to the sponsor. The bureaucracy increased their power tremendously during the latter years of the Trudeau administration. With the change of government, the power of the bureaucracy increased. While there were a number of new ministers—some of them without any political experience—they developed the idea that the bureaucracy controlled them instead of the other way around.

The media seems to think that that was the way things should operate. Mr. Speaker Fraser, when he was in difficulties in his portfolio, was criticized by the media because he did not take the advice of his experts. The attitude of the media in Canada is that the minister does not have any responsibility for making decisions; he merely acts on the advice of his bureaucrats.

I recall the evidence of a Queens professor before one of our Senate committees. He referred to this fact and said that the appointed Senate had always provided a continuity. He felt that this would be missing with an elected Senate—especially one elected at the same time as the House of Commons, and all elected at once. That aspect deserves consideration.

A number of senators in recent days have mentioned to me the possibility of the entire Senate coming up for election at the next federal election. That would be most unfortunate. If an elected Senate is to be—and it eventually will—then it should be phased in so that there will be some continuity.

Senator Lynch-Staunton: Senator Phillips, I do not want to interrupt you but we had agreed when we went into Committee of the Whole to limit the time of the discussion to one hour. We are somewhat over that time and we have other items on the agenda. Would you be prepared to wind up your remarks—which I hope that you would—and perhaps we could carry on with the debate next week, depending on the length of your presentation.

Senator Phillips: I anticipate that I will be another five minutes.

Senator Lynch-Staunton: That is agreeable.

Senator Phillips: I am prepared to do it now or next week, at your convenience.

Senator Lynch-Staunton: That is agreeable.

Senator Phillips: I will condense my remaining remarks.

I wish to refer to the fact that Nova Scotia, in one of its constitutional proposals, made the suggestion that the Senate, in order to meet the charges of western alienation, should meet in Winnipeg.

Senator Molgat: Great idea.

Senator Phillips: I fully anticipated that the Honourable Senator Molgat would spend some time on this, but he has said not a single solitary word. He has completely ignored it.

Senator Molgat: It was such an evidently good idea I did not think it needed any elaboration.

Senator Phillips: I am sorry, because the honourable senator has created the impression that he is either opposed or not interested.

Senator Molgat: I am sorry.

Senator Phillips: I cannot see someone from the Winnipeg area taking that attitude.

Charlottetown is the birthplace of Confederation and I think it would be an ideal meeting place for the new, elected, Senate. I recall when the Department of Veterans affairs moved to Charlottetown there were numerous complaints—for example, that communications would be a problem. Communications have improved immensely in the last ten years. I think Char-

lottetown would be the ideal place. The province is so small that no one could complain that the province was exerting influence on this august chamber. I would ask all honourable senators to support Charlottetown as the site of the Senate.

Senator Molgat: I understand that when the Department of Veterans Affairs made its move its productivity shot right up.

Senator Phillips: And it has shot up since 1984. I would like to give the Honourable George Hees and the present minister some credit for that too.

Senator Molgat: You know very well who brought that department there.

Senator Phillips: When Senator Charles McElman was a member of this chamber he used to remind me that committees had a habit of producing five- or seven-leg camels. When I look at all the proposals that have been made about reforming the Constitution I have a feeling that we are producing a rather unusual camel. The camel now has four humps for the four Senate regions, and some people from B.C. want to add the fifth hump. We have ten legs from the provinces, two from the territories and now we want to add legs for aboriginals, gender and disabled. If honourable senators can think of a group, then someone is willing to add a leg to that camel.

There is very little room left for the federal government. It has sort of become the tail. I do not think that is important enough for the Canadian Constitution. The federal government must be the heart of the organization, not a carrying vessel of the blood stream. It must be the heart of the Constitution. I ask you to bear that in mind rather than concentrating on the narrow purpose of Senate reform, important though it may be. There is a far more important problem out there and that includes the whole matter of constitutional reform. I would urge honourable senators to devote their time to that matter and attempt to clear up some of this fuzziness and present us with a clear picture. Then we can decide whether or not we favour it. Have it clarified and present the whole picture to this chamber.

Thank you very much, honourable senators. I am sorry I was so long. I know my deputy leader has great concern. I should like to give him a bit of advice, as he is new at the job: Do not make too many agreements to close off debates before they start; it just does not work.

Senator Molgat: Good suggestion. Keep on telling him that.

Senator Lynch-Staunton: Honourable senators, I move that the chairman do now report progress and ask leave to sit again.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, the sitting of the Senate is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Nathan Nurgitz: Honourable senators, the Committee of the Whole to which was referred the motion of the Honourable Senator Molgat respecting an elected Senate has made some progress thereon and asks leave to sit again.

The Hon. the Speaker: When shall the committee have leave to sit again?

Senator Nurgitz: I move that the committee be given authority to sit again at the next sitting of the Senate.

Motion agreed to.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. John B. Stewart, pursuant to notice of February 18, 1992, moved:

> That the Standing Senate Committee on Foreign Affairs have power to sit at 4:30 o'clock in the afternoon, on Tuesday, February 25, 1992, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

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

Motion agreed to.

The Senate adjourned until Thursday, February 27, 1992, at 2 p.m.

APPENDIX

(*See p. 938.*)

NORTH ATLANTIC ASSEMBLY

SCIENCE AND TECHNOLOGY COMMITTEE—

SUBCOMMITTEE ON VERIFICATION AND TECHNOLOGY—

REPORT OF SUBCOMMITTEE MEETINGS

LONDON, DECEMBER 9-12, 1991

NORTH ATLANTIC ASSEMBLY
Science & Technology Committee
Subcommittee on Verification & Technology

Report of Subcommittee Meetings
London, December 9 - 12, 1991

The Honourable Earl A. Hastings (Canada)
Chairman

TABLED DÉPOSÉ
in Senate au Sénat

Date February 19, 1992

Clerk Assistant
Greffier adjoint

SUBCOMMITTEE ON VERIFICATION AND TECHNOLOGY

The Subcommittee of the Science and Technology Committee on Verification and Technology held a series of meetings in London December 9th to 15th, 1991.

The meetings and briefing sessions were organized for the subcommittee by the United Kingdom Branch of the North Atlantic Assembly. The Sessions proved to be very worthwhile and informative and made a solid impact on the continuing work of the subcommittee.

Department of the Environment

Mr. Michael Heseltine, Secretary of State for the Environment extended a warm welcome to the members of the Subcommittee on the occasion of their visit to the Department of the Environment.

The Subcommittee was briefed on global warming by Dr. David Fisk, Chief Scientist, Department of Environment and on issues being raised by the United Nations Conference on Environment and Development being held in Rio in June of 1992.

The Greenhouse Effect is a well established phenomenon whereby certain gases such as carbon dioxide retain heat in the atmosphere and thereby elevate the Earth's temperature. Without the

greenhouse effect, the Earth's temperature would be similar to that of the Moon.

It has also been established that the level of greenhouse gases in the atmosphere is rising and is expected to double by about the year 2030. Unfortunately is is very difficult to predict exactly how this build-up will affect the Earth's climate.

The United Kingdom's present position regarding global warming is to adopt precautionary measures which are justified in their own right and to set mission targets which are realistic.

In an international context, the United Kingdom wishes to see the mechanisms established for dealing with greenhouse emissions rather than simply setting targets for emissions. The United Kingdom has set a target to reduce carbon dioxide emissions to 1990 levels by the year 2005 and this is a realistic goal.

The British Prime Minister, John Major, will personally attend the "Earth Summit" in Rio and he has been instrumental in persuading other world leaders of the importance of the conference. It represents a major initiative to move environmental and developmental issues into the centre of economic policy and decision-making at a global level.

The conference is expected to mark the signing of two conventions.

One of these will deal with climate change and the other will cover biodiversity. Agreement also is likely to be reached on the principle of forest management and these should be emobodied in a convention at a later date. The conference is expected to produce an "Earth Charter", a statement of environmental principles although much remains to be done on this aspect of the conference.

PARLIAMENTARY AND SCIENTIFIC COMMITTEE

The Sub-committee met representatives of the Parliamentary and Scientific Committee who explained the function of the Committee and also described the role of the Parliamentary Office of Science and Technology.

The Parliamentary and Scientific Committee is the oldest Parliamentary Committee. Founded 52 years ago, it has 189 parliamentary members from both chambers and all parties. Its members also include 23 M.Ps, 153 scientific and technical organizations, 88 associate member companies and representatives from 59 universities and polytechnics.

The Parliamentary and Scientific Committee brings together parliamentarians and practitioners of science to discuss scientific issues and help promote science and technology. It provides scientists and parliamentarians with opportunities to broaden their experience by visiting facilities outside their customary fields and exchanging views with specialists in different fields.

CIVIL AVIATION AUTHORITY

European integration is having a profound influence on air traffic and was highlighting years of under-investment in infrastructure. The United Kingdom is, of course, part of the mosaic of European air traffic control and British efforts must therefore be co-ordinated with those of other European nations.

Eurocontrol is the focus of such joint efforts. A single European authority for air traffic would be very difficult to achieve but there is no doubt that different European systems could be better integrated and work was proceeding to achieve that goal.

ROLLS ROYCE

Rolls Royce is involved in aerospace and industrial power. Products include aero-engines, oil drilling equipment, naval turbines, cranes and mining equipment.

On the industrial power side, Rolls Royce provides a comprehensive range of generation, transmission and distribution equipment and can supply a complete "turnkey" power station.

Rolls Royce is seeking to improve efficiency and cut emissions and noise. It is company policy to lead the world in environmentally acceptable engines and to maintain the highest standards.

Rolls Royce is working on studies of new supersonic transport aircraft and a variety of new propulsion technologies.

FOREIGN AND COMMMONWEALTH OFFICE

The Subcommittee was briefed by Mr. Douglas Hogg, MP, Minister of State.

He explained that verification has two distinct functions: Firstly, to ensure that arms control agreements are being adhered to. Secondly: Build confidence between participants in the arms control regime.

The CFE treaty signed in 1990 set limits on the holdings of conventional weapons but it has to some extent been overtaken by events. The provisions were agreed on a bloc to bloc basis but the regime's provisions must now take into account the merging republics in the Soviet Union. This does not alter their importance of verification regime as a method of supervising compliance but it does mean that implementation of the CFE Treaty becomes much more complex.

Two other sets of negotiations (chemical weapons and open skies) are taking place which pose particular challenges and opportunities for verification. The Conference on Disarmament in Geneva is attempting to formulate a Chemical Weapons Convention

Open Skies negotiations were interrupted in 1990 but have now resumed. There is optimism that an agreement can be reached in 1992 on the way verification aircraft would operate and on the types of sensors which they would carry.

Surveillance of Iraq under the auspices of the United Nations Security Council continues and represents the most effective verification regime ever implemented.

It was pointed out By Mr. Hogg that the dramatic changes in the Soviet Union and Eastern Europe are making ratification of the CFE Treaty more diffcult but, despite certain legal difficulties all 22 signatories are eager to see the Treaty enter force as soon as possible.

CONFEDERATION OF BRITISH INDUSTRY

The confederation of British Industy is to promote industrial technological base. It is anxious to support a closer relationship between academic institutions and industry both to ensure that courses are relevant to industry and that technology available in

the academic sectors finds its way into industry. Essentially, there is dissatisfaction with the industrial exploration of technology and a desire to enhance industry's capacity for innovation.

The confederation wishes to see greater emphasis on education and training and to see more basic research conducted.

The Confederation of British Industry believes that Europe takes the threat of global warming more seriously than some other regions and that is now seen as a major concern. It is felt that Europe should not be isolated in its response to global warming and should not take unilateral action, unless, of course, such actions were cheap and advantageous in its own right.

It is hoped the Rio Conference will bring nations such as Japan and the United States more into line with European positions. Certainly, in responding to the threat of global warming technology offers many opportunities.

In any event, the Confederation of British Industry continues in attempts to persuade industry to agree upon environmental standards without the need for legislation and is attempting to assist industry to improve its image in environmental areas.

MULLARD SPACE SCIENCE LABORATORY

The Mullard Space Science Laboratory is part of the Department of Physics and Astronomy of University College, London, UK.

The laboratory has been extremely successful in winning competitions and contracts for placing payloads on space vehicles and has taken advantage of launch opportunities offered by NASA, ESA, and German Space Agency, Japan and the Soviet Union. The Laboratory has programs of research directed towards Earth conversation, space plasmaphysics, solar physics and X-Ray as it has acquired a great deal of expertise in detector systems, computing, and the electronic and mechanical engineering associated with space payloads.

The subcommittee will hold further meetings in Vienna and Geneva in March and will be reporting to the Spring Session of the North Atlantic Assembly being held this year in Banff, Alberta, Canada in May 1992.

NORTH ATLANTIC ASSEMBLY DELEGATION

Leader of the Delegation

Mr. Earl HASTINGS (Canada) Liberal
Chairman of the Sub-Committee

MEMBERS OF THE SUB-COMMITTEE ON VERIFICATION AND TECHNOLOGY

Mr. Lothar IBRUGGER (Fed. Rep. of Germany) SPD
Mr. Wolfgang GOTZER (Fed. Rep. of Germany) CDU/CSU
Mr. Aldo GIACCHE (Italy) Left Democratic Party
Mrs. V.N.M. KORTE-VAN HEMEL (Netherlands) Christian Dem. Appeal
Mr. H. REDEMEIJER (Netherlands) Labour
Mr. Hans J. ROSJORDE (Norway) Party of Progress
Mr. Aderito CAMPOS (Portugal) Social Democrat
Mr. Jeronimo ANDREU (Spain) Socialist
Sir Peter EMERY (United Kingdom) Conservative
Mr. Robert BANKS (United Kingdom) Conservative

ASSOCIATE DELEGATE

Mr. Vasile CIRJOI (Romania) National Salvation Front

Director of the Scientific and Technical Committee

Mr. David HOBBS (United Kingdom)

THE SENATE

Thursday, February 27, 1992

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

Prayers.

THE LATE HONOURABLE JOSEPH ROBERTS SMALLWOOD

TRIBUTES

Hon. C. William Doody: Honourable senators, I rise today to call the attention of this house to the passing of a great Canadian and great Newfoundlander and to pay tribute to a remarkable man.

Joseph Roberts Smallwood died in December past a few days short of his 91st birthday. Obviously, honourable senators, it would have been more appropriate had we been able to note his passing a few weeks back, but unfortunately that was quite impossible.

Joey Smallwood was born in the tiny community of Mint Brook, Bonavista Bay, not far from Gander. His family was far from well off by any standard. He did not finish high school but went on to have a remarkable and varied career as a newspaperman, a union organizer, a broadcaster, an author, a pig farmer, and a politician. I might say that he was far more successful as a politician than he was as a pig farmer.

He was a professed socialist who delighted in associating with the rich and famous; a dedicated union man who crushed the International Woodworkers Union and banned it from the province; he was the apostle of Confederation with Canada, a devoted Canadian who loved Newfoundland fiercely and shamelessly.

In 1945 the new Labour Government of the United Kingdom decided to allow Newfoundlanders to determine their own destiny. To that end, a national convention was arranged to meet in the old Colonial Building in St. John's and to be attended by delegates elected from all parts of the province. I understand Mr. Smallwood was on the Canadian mainland when he learned of this amazing development. He immediately declared Confederation with Canada to be his cause and he hurried back to the island to prepare himself for the coming battle.

He flung himself into this campaign with a vigour and enthusiasm that had never before been witnessed in Newfoundland. He outsmarted and out-talked all the forces arrayed against him and made mincemeat of those on the opposite side of the debate, those Newfoundland politicians and patriots who wished to return to the status quo, the old responsible government. Those of us who heard his speeches during that period will never forget them.

Yet, even with his mastery of the media—especially radio—even with the support of the governments of Ottawa and London, it took two votes to attain a bare 52 per cent majority to bring his dream to fruition. But it was undeniably his victory and undeniably he will be long honoured and respected for this achievement.

What Newfoundland would have been without Confederation is, of course, uncertain. Certainly, what it had been before Confederation and what it has become since Confederation have little similarity in many respects. The enthusiasm with which Smallwood engineered the Confederation campaign was equalled only by his zeal in dragging Newfoundland, as he said, screaming and kicking into the twentieth century.

A massive public works program was commenced that resulted in the provision of a standard of service never dreamed of in Newfoundland. Roads, schools, hospitals, vocational training schools—the Fisheries College (now the world-renowned Marine Institute) and, of course, Memorial University, arguably his greatest achievement after Confederation itself—these and more came into being.

Smallwood's attempts to industrialize and diversify Newfoundland had mixed results, and the debate will go on. Nevertheless, he will be remembered by most Newfoundlanders for that greatest of all achievements, the Confederation of Newfoundland with Canada.

Tragically, the last six years of Joey Smallwood's life were marred by a stroke that left this larger-than-life politician deprived of the ability to speak, to write or even to read. What an agonizing frustration it must have been for this compassionate, compelling orator, this insatiable, voracious reader, this author who prided himself on his writings more than anything, to be denied the opportunity to exercise these talents.

The memorial service for Joey, as he loved to be called, which was held in the great Roman Catholic Basilica overlooking St. John's harbour, was a fitting tribute to a great man. "It was a balanced blend," as one reporter wrote, "of the well-heeled mingling with those of modest means." Church leaders of six denominations and politicians of all parties turned out to honour Newfoundland's best known son, former premier Joey Smallwood. Prime Minister Mulroney said at the service, "Joey Smallwood loved a crowd and this one would have warmed his heart. I'm not sure he would have cared for the politics of everybody here, me included, but," said Mr. Mulroney, "he'd delight in seeing friend and foe join in genuine tribute to the great story of his life and it would have, as the Irish say, brought a smile to his lips and a tear to his eye."

I should like, honourable senators, to offer condolences to his widow, Clara Smallwood, to his three children, and to his family. He will be long remembered.

Hon. Senators: Hear, hear!

Hon. William J. Petten: Honourable senators, I am pleased and honoured to have the opportunity to pay tribute to the late honourable Joseph Roberts Smallwood.

I first met Mr. Smallwood in 1947 in company with my late father, Senator Ray Petten. I was even then impressed by his dynamic personality.

As Senator Doody has said, Joseph Roberts Smallwood was born on December 24, 1900, in Gambo, Bonavista Bay, Newfoundland. He was one of 13 children born to Charles and Mary Ellen Smallwood. The family later moved to St. John's.

His uncle Fred, a prosperous businessman, sent his nephew to Bishop's Field College in St. John's. He left school at the age of 15 and went to work for a number of newspapers from 1915 to 1920. In 1920 he left Newfoundland and, on his way to New York, worked at papers in Halifax and Boston. While in New York, he became interested in politics, and it was there that he learned to handle hecklers and control large crowds at public meetings.

I remember a meeting held in the C.L.B. Armory in St. John's in 1950, where a heckler was constantly interrupting the premier. Smallwood asked him to come on stage, passed him the mike and told him to address the meeting. He, the heckler, stammered and stuttered and was relieved to take the seat Smallwood offered him. That was the end of the interruptions.

In 1925, Smallwood returned to Newfoundland to organize the paper mill workers in Grand Falls and Corner Brook and became president of the Newfoundland Federation of Labour. During this time, he walked the 800 miles of the Newfoundland Railway to organize the section men. He was always interested in the welfare of his fellow Newfoundlanders.

Smallwood was an admirer of Sir Richard Squires, Prime Minister in the twenties and thirties. His other hero was Sir William Coaker, founder of the Fishermen's Protective Union. Coaker founded the F.P.U. in 1908, and it is said the membership reached 20,000. With the backing of the union, he built the town of Port Union on the northeast coast of Newfoundland and founded the Fishermen's Union Trading Company that exported Newfoundland fishery products to the world markets. It is said that Smallwood patterned himself after Sir Richard Squires, but I have always been of the opinion that his model was Sir William Coaker.

In the 1930s, Smallwood worked as a reporter and editor for St. John's papers, and shortly after this, he founded the *Humber Herald* in Corner Brook, Newfoundland. He wrote several books during this period, including the books of Newfoundland. In 1937, he was working as a columnist for the *St. John's Daily News* and went on the air with his column and took the title of the "Barrelman", where he became well known to people from all parts of Newfoundland. This would stand him in good stead for his future endeavours.

During all this time, Smallwood still maintained an interest in farming.

When the national convention was called in 1946 to decide Newfoundland's future, Smallwood was elected for the district of Bonavista Centre with an overwhelming majority. The proceedings of the national convention were broadcast every night by radio, and Smallwood lost no opportunity of getting his views known to all Newfoundlanders. He brought Newfoundland into the union, but not without a hard-fought battle. After bringing his country into the Canadian family as the tenth province, he might have been expected to be content to rest on his laurels, as most people would have been. Not Smallwood. He then embarked upon a great industrial and economic development plan.

• (1410)

Under his leadership the trans-insular highway and the connecting roads to the isolated communities were completed. There was then the rural electrification of the province; the improvements to high schools; the building of Memorial University; hospitals and health care to all parts of the province; the Churchill Falls Hydro development; and the iron ore mines of Labrador. His thoughts and energies were always for the people of his beloved Newfoundland.

Joey Smallwood was not one to let the time of day deter him from calling. I remember one occasion; it went something like this: "Bill, Smallwood here. I would like to see you when it is convenient." I asked, "When, Premier," and he said, "When it is convenient." I asked, "Now?" "That would be satisfactory," he replied. It was 11 o'clock at night. Premier Smallwood lived 50 miles from St. John's.

On another occasion, I was at his home for a meeting. It was a Saturday. We were constantly interrupted by telephone calls. I said to the premier, "Why not get someone to answer the phone?" His answer was, "Bill, when I stop answering that phone I will cease to be Premier of Newfoundland."

His door was open to one and all and it was not uncommon to see people lined up at his home on weekends. He was truly a remarkable man—an understatement for sure—and one who did more for his province of Newfoundland than anyone else.

I am pleased to say that Memorial University has a J.R. Smallwood Centre for Newfoundland studies and that there is a J.R. Smallwood Heritage Foundation to continue the work that he started on the encyclopedias of Newfoundland. Joseph Roberts Smallwood, a great Newfoundlander and a great Canadian. I will not see his like again in my lifetime.

Hon. Duff Roblin: Honourable senators, I do not often allow myself the luxury of looking back, because at my age it is not safe. But I cannot refrain on this occasion from bringing to mind the first occasion on which I had the opportunity to become acquainted with the Honourable Joey Smallwood. This occurred at the first Dominion-Provincial Conference that I had the privilege of attending. If I may say so—present company excepted—there were giants in those days. There was Leslie Frost, Maurice Duplessis, Ernest Manning, W.A.C. Bennett, Tommy Douglas, Walter Shaw, Hugh John Flem-

ming from new Brunswick, and Robert Stanfield. The man who could hold his own—indeed, who could lead the parade in those distinguished meetings, even though they were presided over by such an extraordinary character as the Right Honourable John Diefenbaker, was Joey Smallwood.

I will never forget his favourite ploy of recounting at gatherings such as that, particularly when we perhaps had met for dinner at the home of the Governor General, his role as the only living Father of Confederation. He was immensely proud of that title and he had every right to be so.

On this occasion I think of him as a very great Canadian. We miss his voice. It is he who could speak for Canadians from one end of this country to the other at this time of constitutional discussion and crisis. We miss Joey Smallwood. I join with those who offer the warmest and most sincere condolences to those of his family who survive.

Hon. Gerald R. Ottenheimer: Honourable senators, I wish to associate myself with the expressions of the honourable senators who have already spoken. I had the pleasure and very rewarding experience at times, very difficult experience at other times, of serving with the late Mr. Smallwood in the Newfoundland House of Assembly; indeed, on two different occasions and within two different relationships. On one occasion, while he was premier, I was in the Opposition and on another occasion—this would have been after the election of 1975—he had entered politics and was leader of the Liberal Reform Party. He was leader of that group and I was Speaker of the Legislature.

I certainly will not repeat the facts of his life which have already been outlined, nor the contribution to Newfoundland and to Canada that he made.

Joey Smallwood's personal qualities were also of an amazing nature. To say he was an orator really does not describe the kind of power he had, the kind of ability he had, and the way he could influence and affect people, both intellectually and emotionally. The conviction with which he held his ideas was really evangelical. He communicated that evangelical conviction to many others. He was among those who regarded politics as a noble profession. I can recall one conversation when somebody said, "Well, so-and-so is only a backbencher". As was his wont from time to time, he proceeded with what could be called a lecture. The point he made was that it was a noble and honourable profession for a person to have the courage of his convictions, to stand for election, to risk being defeated, to know that he or she would be up for public scrutiny, and scrutiny by the media as well, and to have that commitment to his or her province or country.

He was also a person of prodigious memory and very active imagination. I do not think he would mind if I were to say that while he had a prodigious memory, it was not an infallible one. He had a very colorful imagination and, though at times one influenced the other, I would say it was to the benefit of both, the memory aspect and the imagination aspect.

As many here will know, he was a man of absolute energy, drive and élan vital. Again, it is difficult to appropriately identify the qualities he had because he had them with such intensity. He was a man of great intensity, tenacity and self-confidence.

[Senator Roblin.]

Let me end by saying that I think that the life, approach and character of the late Joseph R. Smallwood can serve as a real example not only for politicians but for people in Canada today interested in the political, social and economic process. We live in a time when there is so much indifference and cynicism toward our country, its future and our ability to solve its problems; there is also a certain amount of pessimism, a feeling of futility and impotence in our social, economic and political life. Smallwood was a man who firmly believed in the ability of a person or of people, of politicians and others, to influence and change events. In that sense, he was just the opposite of a fatalist; instead, he was a strong believer in free will and in its social and political dimension. He strongly believed that people, by channelling their ideas, their intelligence, their energy, their vision, could really count and could really make things happen. That, I think, is a lesson for many Canadians who perhaps today lack that personal or collective self-confidence that he had to such a great extent.

• (1420)

Hon. Ethel Cochrane: Honourable senators, I too would like to offer a brief and belated tribute to Newfoundland's most famous native son and one of Canada's most outstanding citizens.

The national attention that was given to the passing of Joey Smallwood, including the televising of his funeral ceremony across Canada, was testimony to the dominant role he played in the politics of Newfoundland and Labrador for four decades, including 23 years as Liberal premier of the province.

No one could ever say that Joey failed to command attention. It was impossible to be indifferent to him. He has been described as "the most loved and the most hated man in Newfoundland." His supporters gave him their adulation, but they feared his wrath. His opponents disdained and detested him but gave him their respect.

His career was marked by spectacular successes: Bringing Newfoundland and Labrador into Confederation, getting and keeping federal support for the province, promoting industrial development, retaining power for nearly a quarter of a century, and founding Newfoundland's Memorial University, which he considered his greatest accomplishment. He became a major figure on the national scene and a power broker within the Liberal party.

He had a unique speaking style, using repetition to get his point across, and a knack for explaining the most complex problems in language that even the illiterate could understand and support. His dreams were often encapsulated in simple themes or simple campaign slogans, such as to make Newfoundland and Labrador a 'have', province and to create jobs, jobs, jobs, and more jobs.

In his crusade for full employment, history will record that Joey Smallwood had some spectacular and controversial failures, too. The Upper Churchill Falls contract, the Linerboard

Mill, the oil refinery, and the resettlement program were in some measure responsible for causing the split even within his own Liberal party, which alienated much of its talented young supporters and leaders. Joey did battle, not just with his opponents, but also with his colleagues and associates—in fact, with anyone who did not share his vision of Newfoundland.

I believe that Joey deserves more recognition, not just as a giant political figure but also as a cultural figure in our province. He had what is described as the modern equivalent of a Grade 10 education, but in reality he was an extremely learned man, widely read and self-educated. Stories abound of university professors and other learned people being captivated for hours on end by his detailed knowledge of the subject under discussion.

He led an intellectual life in his career as a journalist, broadcaster, labour leader, politician, amateur historian and, in his retirement, as chronicler of Newfoundland history, society and culture with his work on his *Encyclopedia of Newfoundland and Labrador*. He is now very much a part of the culture, the tradition and the history of the province he worked to create and to record. Memorial University of Newfoundland stands as a memorial to him, to both his dreams and to his accomplishments.

When Joey Smallwood passed away on December 17, a chapter in Canadian history came to a close with him. An era in the life of Newfoundland and Labrador ended. He left indelible marks on the history pages of his province and his country. His contributions to nation building were many, and our province is certainly a much better place for his efforts. We mourn his passing and we continue to share his vision for the future.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Joey Smallwood is, I suppose one could say, the origin of a tradition in the Liberal Party, because of an event that may be apocryphal but has been reported widely as long as I have been in the Liberal Party.

• (1430)

The event occurred when Mike Pearson was touring Newfoundland and there was an open car parade in St. John's. Joey was in the back of the car with Mike, and there was a certain amount of enthusiasm being displayed by the citizenry on the streets of St. John's. Joey was saying, "Mike, they are all Liberals here, all Liberals." Suddenly, out of the crowd came the voice of a megaton fog horn: "Down with the bloody Liberals!" A short pause, and Joey said, "I guess we will have to mark him down as undecided."

Hon. John Buchanan: Honourable senators, even though I was on the other side of the political fence, I was one of those who were very fortunate to know Joey Smallwood. I met him first back in the late 1960's. In 1968, as Minister of Fisheries for Nova Scotia, I led a delegation to Newfoundland. In his usual style, Mr. Smallwood, who was premier at the time, laid on a series of events for us, starting at the Holiday Inn in St. John's with a banquet hosted by one of his cabinet ministers, Alec Hickman, and then a chartered plane to fly us to Labrador to visit the iron mines.

Just as if he had deemed it to be so, after we landed back in Corner Brook, the fog came in and we were there for two and a half days. He made sure that we saw all of the Corner Brook area and, on that leg of the trip, he travelled with us. I found him to be one of the most colourful politicians I had ever met. He was flamboyant, but he was very wise. He was a very shrewd man, a very innovative man, as those of you who knew him much better than I will agree.

He was also ahead of his time as far as technology in offices was concerned. One day we were in St. John's and he took the late Ed Halliburton and me through his office. He had buttons for the curtains, he had buttons for his TV, he had buttons for radios, he had intercom systems. He could even intercom ministers' offices, he told us, although he did not do it while we were there. But the technology of his office was not in the 1960's. It was what we would look at now for the 1990's. He was an eloquent man, but also a very witty individual. I was present with him on at least three occasions when he spoke to an audience and kept the audience spellbound for well over an hour. Politicians will understand that that is a difficult thing to do. But he did it in Nova Scotia, and he did it there on more than one occasion. I was fortunate enough to be his host occasionally in Halifax at various dinners and functions. Of course, as you know, we have in Nova Scotia literally thousands of Newfoundlanders. As the old story goes, Newfoundlanders on their way to Ontario decided to stop off in Nova Scotia; they all flourished in Nova Scotia, and they are all still there. Whenever Joey came to Nova Scotia and we put on a function for him, you could be absolutely certain that three-quarters of the house would be Newfoundlanders living in Nova Scotia.

He was a wonderful man. Throughout the late 1960s and the 197Os and in the early 1980s, I got to know the man very well. It was to my fortune that I was able to meet him and to know him. He was a giant among politicians and will go down in history as such, a Father of Confederation. There is absolutely no question that he loved Newfoundland. He was a fervent Newfoundlander. But he loved Canada, and he was a fervent Canadian. From time to time I had discussions with him on that in the early 1980s on occasions when he was in Halifax.

For those of you who want to come over to my office and take a look, I very proudly display a picture of Joey Smallwood and me. On the door, as you go into my office, on the left, you will see me there with Joey Smallwood.

And so, as with others, I express condolence and great sympathy to the members of his family in Newfoundland and all of his friends and supporters throughout this great country of ours.

VIOLENCE AGAINST WOMEN IN CANADIAN SOCIETY

POINT OF ORDER—SPEAKER'S RULING

The Hon. the Speaker: Honourable senators, on February 18, 1992, I was asked to rule on whether the inquiry standing in the name of the Leader of the Opposition, the Honourable Senator Frith, calling the attention of the Senate to the violence against women in Canadian society and the desirability of investigation of the subject by a Senate committee should be dropped from the Senate Order Paper pursuant to rule 28 (3).

That rule states:

> Unless previously ordered, any item under other business, inquiries and motions, that has not been proceeded with during 15 sittings shall be dropped from the Order Paper.

[*Translation*]

This inquiry was first moved on November 26, 1991. After debate on that day, Senator Frith moved, seconded by Senator Molgat, that further debate be adjourned until the next sitting of the Senate. Since then there has been no further parliamentary proceeding on the inquiry. The definition of "proceeding in Parliament" is taken from Beauchesne's Fifth Edition, p. 85 citation 251 which states: "The word "proceeding" is derived from the verb "to proceed" which means "to advance" or "to carry on a series of actions"".

[*English*]

The question before the Chair, therefore, is whether an item, having been "proceeded" with once, becomes exempt from the provisions of rule 28 (3). In other words, when an order has had some action taken on it once, such as the adjournment of debate, is it any longer subject to a Parliamentary clock to count the number of sittings thereafter in which action is not taken?

The question before the Chair, therefore, is whether an item, having been "proceeded" with once, becomes exempt from the provisions of rule 28 (3). In other words, when an order has had some action taken on it once, such as the adjournment of debate, is it any longer subject to a Parliamentary clock to count the number of sittings thereafter in which action is not taken?

[*Translation*]

In making my decision, I must look at the wording of Rule 28(3) itself as well as what the intention was when the regulation was first proposed, in this case by the Standing Rules and Order Committee.

[*English*]

Regarding the provisions of rule 28 (3), the wording is clear that "any" item under Other Business, Inquiries, and Motions is dropped if it has not been proceeded with during 15 sittings, or unless previously ordered otherwise. It would seem to the Chair that the word "any" would include an item which was subject to a proceeding of the Senate at one time but which had experienced no action for 15 sittings thereafter. This is the case of the item standing in the name of the Leader of the Opposition.

Regarding the intention of those proposing the rule, I note the comment made by the Honourable Senator Kinsella, as indicated on page 175 of the *Proceedings of the Committee on Standing Rules and Orders* dated June 4, 1991. Regarding the new rule 28(3), he stated, and I quote:

> The purpose of this proposed change is to avoid having items on the Order Paper for months on end.

● (1440)

> As a newcomer to the Senate, it often strikes me that items sit there for a very long time. If it is serious "Other Business", then let us deal with it within a proper timeframe. However, it will not prevent the senator from reintroducing that matter.

[*Translation*]

To permit any adjourned item to stand beyond the fifteen sittings would, in the opinion of the Chair, go against the stated objective of Rule 28(3) which is to encourage Senators to deal with business within a certain timeframe.

[*English*]

It appears, therefore, that the inquiry standing in the name of the Leader of the Opposition is not exempt from rule 28(3), and since 15 sittings have passed without any action being taken, it must be dropped.

In closing, it should be noted that rule 28(3) does use the words "unless previously ordered . . .", perhaps to indicate that there may be special cases that merit an item remaining on the Order Paper beyond 15 days without a proceeding.

However, barring agreement of the Senate on a special order for the inquiry, I must rule that, pursuant to rule 28(3), the item in question be dropped from the Senate Order Paper.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, at the time I spoke to this matter I explained why I wanted to keep the inquiry on the Order Paper. It was not my intention to have it languish on the Order Paper, but to establish a principle that the Senate continue its interest in the question of violence against women in Canadian society.

However, I do not propose to ask any other senators to rise with me to challenge or appeal the ruling. As the ruling points out, the inquiry can be replaced on the Order Paper or I could move a motion to have it remain on the Order Paper. If reintroduced, it could again be debated. The most important thing is not the technical question but the issue, namely, the issue of violence against women in Canadian society and the Senate's role therein. Therefore, for that reason I will not be asking for an appeal.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on Friday, February 21, the Honourable Jean Chrétien, the leader of the Liberal Party, declared that the party is on an election footing. Undoubtedly he read the insightful words delivered exactly eight years earlier by the current Senate government leader.

On February 21, 1984, Senator Murray declared:

> After four years, Canadians are entitled to have their say about the Government. After four years, Canada is entitled to a general election. For all practical purposes, the Government's term has come to an end. Considering the fact that for twenty-nine months, public opinion has been turning increasingly against the Government, and in the last eight months that percentage has become the majority, Canadians must be allowed to exercise their democratic rights in a general election. There is no justification for further delay.
>
> Only political cowardice or contempt for the democratic process could explain why, after four years in power, the Government refuses to announce a general election. It has to, if it has any respect for democracy.

Today, on February 27, 1992, we are 268 days from the end of the government's four year mandate on November 21, 1992, and the clock is ticking. But if, in the words of Senator Murray, this government is afflicted with "political cowardice" and chooses to show "contempt for the democratic process," the clock will strike midnight 654 days from today, on December 12, 1993, which is five years to the day of the return of the writs.

To summarize, if Senator Murray's government respects democracy, its extinction is but 268 days away, and we are counting. But if Senator Murray's government is one that he himself would describe as cowardly and contemptuous of democracy, its members still have 654 days till judgment day.

Hon. Lowell Murray (Leader of the Government): Honourable Senators, I invite the Leader of the Opposition to refresh my memory again on November 21, 1992, if we are still here, and we will see then.

Meanwhile, I think I should draw to his attention very interesting statements made recently by Mr. Jean-Robert Gauthier, the Member of Parliament for Vanier, who takes very strongly the position that there should be a resolution of the constitutional issue in the country before we have a general election.

[*Translation*]

OLYMPIC WINTER GAMES, XVI

CONGRATULATIONS TO CANADIAN ATHELETES

Hon. Thérèse Lavoie-Roux: Honourable senators, allow me to make mention of the success of our young Canadian athletes at the XVIth Winter Olympic Games, held in Albertville, Savoie.

Our athletes won seven medals, the highest number for a Canadian team since the Winter Games of Lake Placid, in 1932.

The older ones, and we are probably among them, are often harsh towards young people, and I believe it is important to stress the work, the tenacity and the perseverance of those young athletes, as well as the efforts of their coaches.

I believe that these young people have given us a true lesson in the pursuit of excellence. They were very successful in meeting the challenge to excel. They truly deserve our congratulations and our admiration.

[*English*]

THE SENATE

AVAILABILITY OF DOCUMENTS TO SENATORS

Hon. Jack Marshall: Honourable senators, prior to coming to the Senate today I received a call from a citizen of Ottawa who asked me questions about the Blue Book in the Estimates, with reference to some of the items in the section on veterans affairs. I was embarrassed to have to tell him that I did not even know there was a Blue Book out. I asked him where he got it. He said he had come down to Parliament to get it.

I am wondering where the Senate stands in the pecking order for these documents. I understand it was tabled at ten o'clock today in the House of Commons.

Senator Lynch-Staunton: It is to be tabled today.

Senator Marshall: I hear now that it is to be tabled today, but that is still not good enough.

To emphasize that, on Tuesday night, as everyone knows, there was a budget presented. When I returned to my office there was no copy of the budget there. On Wednesday morning, I came and found a copy of the budget in one language only.

Are we already being abolished? Are we already being reformed? What is happening with the Senate when we cannot get the documents which are neeessary for our everyday work?

THE ESTIMATES, 1992-93

TABLING

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have the honour to table the government's Expenditure Plan, Part I, 1992-93 Estimates, the Main Estimates for the fiscal year ending March 31, 1993, Part II, 1992-93 Estimates, Sessional Paper no. 343-402, and Expenditure Plans Part III, 1992-93.

[*Translation*]

SCRUTINY OF REGULATIONS

FOURTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Normand Grimard: Honourable senators, I have the honour to present the fourth report of the Standing Joint

Committee on the Scrutiny of Regulations concerning the Central Registry of Divorce Proceedings Order.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings* and the *Debates* of the Senate of this day and form part of the permanent records of this House.

(*For text of report, see appendix A, p. 996.*)

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

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

• (1450)

[*English*]

FOREIGN AFFAIRS

FOURTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John B. Stewart: Honourable senators, I have the honour to present the fourth report of the Standing Senate Committee on Foreign Affairs. This report concerns the committee's budget application for the fiscal year 1991-92.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day, and that it form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report, see Appendix B, p. 1000.*)

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

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

BANKING, TRADE AND COMMERCE

ELEVENTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Michael Kirby: Honourable senators, I have the honour to present the eleventh report of the Standing Senate Committee on Banking, Trade and Commerce, which report requests that the committee be empowered to incur special expenses pursuant to the procedural guidelines for the financial operation of Senate committees. The purpose of the expenditures is to enable the committee to hold a series of hearings pursuant to regulations which are being drafted in connection with the legislation governing the reform of Canadian financial institutions which went through this chamber just before Christmas.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day, and that it form part of the permanent records of this house.

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

Hon. Senators: Agreed.

[Senator Grimard.]

(*For text of report, see Appendix C, p. 1005.*)

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

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

TRANSPORT AND COMMUNICATIONS

FIFTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

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

Thursday, February 27, 1992

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

FIFTH REPORT

Your Committee, which was authorized by the Senate on Wednesday, December 11, 1991 to inquire into the decision of Canadian National Railways to sell the main railway line between Truro and Sydney, Nova Scotia, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study and to adjourn from place to place within and outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

FINLAY MACDONALD
Chairman

(*For text of report, see Appendix D, p. 1010.*)

The Hon. the Speaker: When shall this report be taken into consideration?

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

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1991

REPORT OF COMMITTEE PRESENTED

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, February 27, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred the Bill C-35, An Act to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature therein and to repeal certain provisions thereof that have expired or lapsed or otherwise ceased to have effect, has, in obedience to the Order of Reference of Tuesday, February 18, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

THE ESTIMATES, 1992-93

NOTICE OF MOTION TO AUTHORIZE NATIONAL FINANCE COMMITTEE TO STUDY ESTIMATES

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*f*), I move:

That the Standing Senate Committee be authorized to examine and report upon the expenditures set out in the Estimates for the fiscal year ending March 31, 1993.

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

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Could the senator explain why we need leave of the Senate?

[*English*]

Senator Lynch-Staunton: I was told that it was traditional to accelerate the proceedings, but you can take this as notice, and it can be done tomorrow.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as we all know, tomorrow at noon the report of the Special Joint Committee on a Renewed Canada will be tabled in both houses. After discussion with the Deputy Leader of the Opposition, it has been agreed that leave will be granted for Senator Beaudoin as Co-Chairman to make remarks for five or ten minutes, and an official spokesperson for the Opposition would do the same. We would then adjourn the debate and inscribe it on Orders of the Day for discussion at a later date.

At the same time, we have been asked to install television cameras in order to film those proceedings, strictly. I understand that approval from the other side will be given.

With leave of the Senate I move:

That pool television cameras be permitted in the Senate Chamber tomorrow, for the purpose of recording the proceedings of the presentation of the Report of the Special Joint Committee on a Renewed Canada, and the speeches of the Joint Chairman of the Committee and the spokesperson for the official opposition; and

That the proceedings be recorded pursuant to the principles and practices governing the broadcasting of the proceedings of the House of Commons.

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

Hon. Senators: Agreed.

Motion agreed to.

• (1500)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the Deputy Leader of the Government discussed this matter with me, and we have no objections at all to the proposed procedure. We had agreed, as well, that the time taken up tomorrow by Senator Beaudoin and the spokesman from our side would not count from their time when we come back to a full debate on the subject.

I want to suggest further that, when we do come back, both Senator Beaudoin and the spokesman from our side be extended time beyond 15 minutes in view of the importance of the subject to be discussed.

Insofar as television coverage is concerned, we have no objections, on the condition that the previous rules will be followed, that is, that the cameras merely cover the Speaker.

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

Hon. Senators: Agreed.

Motion agreed to.

CANADA PENSION PLAN

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message has been received from the House of Commons with Bill C-57, to amend the Canada Pension Plan.

Bill read first time.

SECOND READING

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, it will be recalled that Bill C-57

is a natural successor to Bill C-280, which was declared irregular by the Speaker because it did not have a Royal Recommendation. Therefore, the government immediately introduced Bill C-57 into the House. It passed first, second and third reading within two days, I believe. The House went into Committee of the Whole, and the whole exercise took but a very short time.

On the assumption that this house is also anxious to have this bill pass, I move that, with leave, the second reading take place now.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, again we have had a discussion on this subject. As honourable senators will recall, we were very much in favour of this bill when it was introduced. There was a general feeling throughout the house that the bill was favourable. However, there was a procedural problem and, on the Speaker's ruling, the bill could not be proceeded with. The procedural problem arose, quite naturally, out of a previous decision here on another bill.

Be that as it may, we indicated then that we supported the bill. We still support the bill, and we will be prepared on these conditions to give leave.

Motion agreed to and bill read second time.

[*Translation*]

Hon. Thérèse Lavoie-Roux: Honourable senators, I welcome this opportunity to introduce Bill C-57, whose purpose is to improve protection for contributors to the Canada Pension Plan who are late in applying for disability benefits.

This bill replaces the Private Members' bill sponsored by the hon. member for Don Valley East. As you will recall, the Senate found the bill inadmissible because it was not accompanied by a royal recommendation, as required in the case of legislation involving taxes or public spending.

Bill C-57, which is based on Private Members' Bill C-280, as I mentioned earlier, pursues the same goals and basically targets the same group, and I am referring to late applicants for disability benefits.

Under the new legislation, if the contributor can prove that the benefit would have been payable if the application had been made earlier, the contributor will be considered to have observed the current contributory requirements of the plan for disabled contributors' child benefits.

At the present time, to receive disability benefits under the Canada Pension Plan, a contributor must have made contributions for five of the last ten years or for at least two of the last three years before the disability occurred. These rules will remain but will only apply as of the date on which the disability began, irrespective of the date on which the person made his application.

This bill will provide assistance for several thousand disabled persons during the first year after coming into force and for hundreds more thereafter.

[Senator Lynch-Staunton.]

Honourable senators, I am also delighted to see that the federal and provincial finance and social services ministers reached a consensus on the measure contained in this bill. I may remind this House that the Canada Pension Plan was established in the middle of the sixties as a result of a federal-provincial agreement involving amendments to the Constitution. Section 114 of the Plan gave the provinces the right to receive prior notice of, and to approve or reject, a broad range of amendments to the Canada Pension Plan.

Because Private Members' Bill C-280 would have involved spending Canada Pension Plan funds, the proposed changes were subject to prior notice and to approval by the provinces. You will recall, however, that since the proposal came from a private member, we did not have the usual round of consultations with the provinces.

By suspending Bill C-280 until the Senate resumed its proceedings, the Minister of National Health and Welfare was able to embark on the requisite round of intensive consultations with his provincial counterparts.

[*English*]

I would also like to take advantage of your support today and call attention to the exceptional efforts of the member for Don Valley East in this undertaking. His spirit of initiative, his tenacity and his desire to see that the interests of his constituents are well-served have earned him the admiration and respect of his colleagues and of all of his fellow citizens. His efforts and those of others in both Houses have contributed to bettering the situation of one of the most vulnerable groups in Canadian society, the disabled.

These are the latest in a long line of initiatives taken by this government in the past 10 years to improve the Canadian Pension Plan as far as disability benefits are concerned.

[*Translation*]

Honourable senators, I would just like to go briefly over the two most recent changes.

First, since January 1992, as we all remember, benefits paid to the children of disabled or deceased contributors increased by $35 a month, plus the annual cost-of-living adjustments, and are now about $155 a month. Some 170,000 children, including nearly 68,000 children of disabled contributors, benefited from this measure.

Honourable senators, at this time I would recall the generous participation and cooperation of Senator Bosa in facilitating the passage of this bill.

Furthermore, as of January 1, 1992, eligibility for benefits is protected for those contributors to the Canada Pension Plan who cannot apply on time, owing to disability.

It is important to note that many Canadians now benefit from the disability provisions of the Canadian Pension Plan. Last January, about 221,000 disabled contributors and 68,000 children of disabled contributors received Canada Pension Plan benefits. These benefits are expected to total some $2.1 billion in 1992.

Although there is no doubt that these measures do not meet all the needs of disabled persons and their children, I think that we will all agree that it is nevertheless an important contribution, honourable senators, especially in a time of economic hardship such as this. I therefore ask all senators to cooperate fully so that this bill can be passed as soon as possible.

As for questions arising from Bill C-280 and those raised in the debate on Bill C-39, the Minister of National Health and Welfare has promised to submit them to the provinces in a formal federal-provincial consultation to be held later this year on possible changes to the Canada Pension Plan that would require the provinces' approval.

[*English*]

In closing, honourable senators, I would like to again thank the representative of Don Valley East for raising this important question of disability benefits.

Hon. Senators: Hear, hear!

Hon. Lorna Marsden: I wonder if the senator will take a question on this bill.

● (1510)

Under the terms of this bill, although not exactly in the wording of this bill, a late applicant for a disability pension will have a determination as to whether or not that person is eligible. Can the senator tell us how that determination will be made? Will it be by way of a board, a tribunal, or what?

Senator Lavoie-Roux: When Minister Vézina comes to discuss this bill in Committee of the Whole, we will have a chance to get further details about this matter. She will be able to answer immediately what the actual recourse will be for the determination or for an appeal if the person is not satisfied.

Senator Marsden: Honourable senators, then, speaking on behalf of our side, I will not delay the debate on this bill. As all members of this chamber know, we supported the previous bill and we support this bill. We look forward to hearing from the minister.

Senator Lynch-Staunton: Honourable senators, I should have mentioned in my opening remarks that it was our intention to ask for leave that the Senate resolve itself into Committee of the Whole and invite Minister Monique Vézina to come and answer questions. Perhaps at this stage I may do so.

Senator Molgat: That was part of our agreement, to proceed today with leave to go directly into Committee of the Whole, so I will not hold things up at all.

[*Translation*]

Honourable senators, I would just like to thank Senator Lavoie-Roux for her presentation on the bill. As I said earlier, we support the passage of this bill. I congratulate the government for acting so quickly after the procedural decision, that I support, on the previous bill.

Since the government could act so quickly in this case, I wonder why it is not willing to act as rapidly on another bill moved by our colleague, Senator Marshall, on which there seemed to be an agreement here in the Senate.

If I recall correctly, even the Leader of the Government in the Senate indicated in a previous debate that he supported that bill. So, why is the government not willing to act as quickly on that bill proposed by Senator Marshall than it is on the previous bill proposed by Senator Atkins?

Hon. Lowell Murray (Leader of the Government in the Senate): That is a totally different matter!

[*English*]

Hon. Jack Marshall: Honourable senators, I think that Senator Molgat deserves a response. We should commend Alan Redway for the fact that not only did he show tenacity in whatever he said as the mover of the bill, but he also fooled the whole House of Commons. They passed a bill that did not have a Royal Recommendation, and they did not even know that they were doing it.

I, too, have no hesitation in supporting the bill, but if it is good for one chamber it should be good for the other chamber also. As a matter of fact, I made the mistake of raising the point of order. I should have let the bill go through and we would have created a precedent. Parliament could then not refuse to accept my bill, S-5. However, it begs the question as to what is occurring around here, and why I am being discriminated against with respect to a proper bill that serves a minority group in Canada.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that the bill be referred to the Committee of the Whole presently.

The Hon. the Speaker: It is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Lavoie-Roux, that this bill be referred to the Committee of the Whole now.

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

Motion agreed to.

CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the motion, the Honourable Senator Nurgitz in the Chair.

Senator Murray: Mr. Chairman, if it is the wish of the committee I will escort my ministerial colleague, Madam Vézina, to her place.

[*Translation*]

Pursuant to rule 21 of the Rules of the Senate of Canada, the Honourable Monique Vézina, Minister of State (Employ-

ment and Immigration) and Minister of State (Seniors), was escorted to a seat in the Senate chamber.

Senator Murray: Mr. Chairman, I am pleased to welcome to the Senate, for the first time I believe, my ministerial colleague, the Honourable Monique Vézina.

As you all know, Mrs. Vézina was first elected in the House of Commons in 1984. She was Minister for External Relations and then Minister of Supply and Services.

Today, she is Minister of State (Employment and Immigration) and Minister of State (Seniors).

She is here to answer your questions concerning Bill C-57. Mrs. Vézina, do you have an opening statement to make?

Hon. Monique Vézina (Minister of State (Employment and Immigration)and Minister of State (Seniors)): I could make one in a few seconds.

Senator Murray: Mrs. Vézina will make a brief statement before the Committee of the Whole.

She is accompanied by Mr. Pierre Fortier and Mrs. Carole Vallerand from the Department of National Health and Welfare.

[*English*]

Mr. Fortier is Director General, Income Security Policy and Legislation; Mme Vallerand, chief of Policy, Income Security Policy and Legislation.

[*Translation*]

Ms. Vézina: Mr. Chairman, I want to thank you for the invitation. It is indeed my first visit here in this Chamber. As Minister, I am almost responsible for seniors and the new age!

I simply want to tell you that Bill C-57 is a piece of legislation that will help several thousands handicapped people. It is therefore a bill that has a very important social value and that will enable those people to enjoy privileges that are theirs.

I am pleased to see that the federal and provincial ministers, the Minister of Finance and the Minister responsible for Social Services have reached a consensus on the content of that bill.

I am accompanied by my officials who will be pleased to answer any technical questions. Thank you.

[*English*]

The Chairman: Honourable senators, shall the title be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause one carry?

Hon. Senators: Agreed.

The Chairman: Any questions for the minister?

Senator Marsden: I have questions for the minister. They do not apply necessarily to paragraph one, however.

The minister knows that we support this bill. We supported the earlier bill that was brought forward by Mr. Redway and we are glad to see this initiative being taken up. But if I understand the situation correctly, a person who is a late applicant for entitlement to a disability pension will have a determination made as to whether or not that person could have applied and received disability benefit at a time when the person had coverage under the plan. Am I correct in that understanding?

[*Translation*]

Ms. Vézina: The process will be exactly the same with the same criteria people have to meet now under the Canada Pension Plan. The criteria are exactly the same as provided in the existing legislation.

• (1520)

[*English*]

Senator Marsden: Perhaps I did not understand correctly. The process may be exactly the same, but who will determine how late is too late?

[*Translation*]

Ms. Vézina: They will be exactly the same staff, the same officers who normally determine eligibility in other situations. The very same people will determine the eligibility of those applicants.

[*English*]

Senator Marsden: So I understand there is to be no new tribunal?

Ms. Vezina: No.

Senator Marsden: May I ask you another question? Fortunately, Canadians are now far more aware than we have been previously about the meaning of the term "disability". We are also aware that there are a great many people who have debilitating diseases or conditions and, while they may be able to work for many years, at some point they will no longer be able to work and therefore might require a disability pension. It is on the plight of those people that I focus my question.

If a person is hired and the employer knows that that person has a disability and the disability deteriorates to the point where the person can no longer work, will that person be entitled to a disability pension? They did not become disabled while on the job. That person was already disabled. How does that operate?

[*Translation*]

Ms. Vézina: I consider this question to be highly technical. I can find the information for you and forward it to you. Really, I could not give a precise answer to that question. If you want to repeat the question, I will ask my officials to find the answer.

[*English*]

Senator Marsden: By all means. My question relates to the situation in which someone is hired, the employer knowing that that person has a disability. The disability does not prevent that person from employment, but later, it does so. Let me give you an example. I am a great advocate of employment equity; I believe we should be hiring more people with disabilities. We now consciously recruit people who have disabilities. Their disabilities do not prevent them from being employed. How-

ever, should the disability intensify, it might very well prevent them from continuing their employment. Would that person then be entitled to a disability pension? This is not a new disability. It has occurred while they are already employed, which would be the case under the normal circumstances.

Senator Murray: Mr. Fortier will take the question.

Mr. Pierre Fortier, Director General, Income Security, Policy and Legislation: There are currently provisions that allow CCP disability recipients to go back to work on a trial basis and retain benefits for up to three months. If during that period the person finds that he or she cannot continue working the provisions will not be affected at all. On the other hand, there are rehabilitation provisions where a person can undergo some rehabilitation for extended periods of time, and during that period of time the benefits are continued. If for one reason or another the person cannot re-integrate into the labour force, the person's disability benefit will not be affected.

Senator Marsden: Through the minister, I do not think that quite covers the circumstances I am thinking of. Perhaps I could ask for a little more on this point. Assume we hire someone at the age of 18 with a disability, who then works to the age of, say, 55 when that disability overcomes the person and they have to ask for a disability pension. Will that person be so entitled?

Mr. Fortier: Yes, that person would have worked and contributed to the Canada Pension Plan, and if the person becomes disabled later on that person would qualify for a disability benefit.

Senator Marsden: If that disabled person becomes further disabled later on, they would be entitled. Is that it?

Mr. Fortier: Yes.

Senator Marsden: Thank you.

[*Translation*]

Senator David: I wonder if the hon. minister could tell us if, in theory, there is still in the Act a 15 month delay for an individual to apply for a disability pension. From what I understand, only in very special cases will this period extend over 15 months. A patient or recipient will not be penalized only if he has very good reasons for not submitting his application in time. Only then will his application be studied. Is that correct?

Mr. Fortier: According to the current provisions, an individual has 15 months to prove he is eligible to a pension. Not long ago, with Bill C-39, it was established that anyone incapable of making an application was still eligible even if that person had become disabled only later. At that time, the person could be recognized as disabled.

This bill extends this concept to anyone who was incapable, for some reason, to make an application to the Canada Pension Plan.

Senator David: Mr. Speaker, I imagine the definition of disability stays the same. It is still the impossibility, based upon diagnosis or prognosis, to go back to work.

Mr. Fortier: That does not change.

Senator David: Is it not true that before a Canadian act can apply to every citizen in all of the provinces, each province has to amend its pension law in order to make it if not similar to, at least compatible with the decision that has already been made, at least unofficially?

Mr. Fortier: Each province will have to pass an order-in-council in order to ratify this Bill.

Senator David: For my information, does it require unanimity, two thirds or half, something like that?

Mr. Fortier: Two thirds of the provinces representing two thirds of the population. But we do need unanimity to eliminate some provisions which normally requires a three-year notice. We usually have to give a notice of up to three years before implementing a provision or an amendment to the Canada Pension Plan.

Senator David: So that the principle is accepted by both parties but implementation will take place in a couple of months.

Mr. Fortier: You are correct. We had discussions with the provinces and since they agree with those changes already, I do not foresee any problem.

Senator Molgat: Thank you, Mr. Chairman. Like the government leader I wish to thank the minister for coming to the Senate and welcome her.

In your short initial statement, you explained how important this bill is. We agree. But one thought comes to mind. If that bill is so important, how come the government did not do anything sooner? Why did it have to wait for Mr. Redway' bill? I congratulate Mr. Redway on his initiative, but how come this bill, which is admittedly so important, was not presented sooner by this government?

Ms. Vézina: I tend to look forward instead of going back on what is behind us, because the past cannot be changed. The important thing is that we have before us a bill that will be useful for many Canadian citizens. This bill is quite important and contains measures that are fair and just. Our colleague deserves credit for presenting this private member's bill and gaining unanimous support for it in the House of Commons. Better late than never. It is all the better if today, with the consensus of provinces, finance ministers and social services ministers, we can enact a bill that I think is quite fair.

Senator Molgat: I thank the minister and agree with her that we should always look forward, even in matters that may not be quite new to us. I have the feeling that Mr. Redway and other people made representations in the past. The issue had been raised, but nothing was done about it. Why was it so? Did somebody need a good shake? The issue came to fruition only when a backbencher made a move.

Ms. Vézina: I am told that this issue has already been discussed and sent to an advisory committee. Perhaps we have to follow the procedures of both Houses. What matters is that

to-day a consensus has been reached for the implementation of this measure.

Senator Molgat: Madam Minister, this is my concern. Are there any other changes of this kind which should be made and which, because of red tape, are not going anywhere but gather dust. We had another bill which was introduced by senator Marshall. It was turned down on procedural points. Admittedly there is agreement but we have reached a deadlock. Is there anything else which is dragging on and should someone shake up the system?

Hon. Ms. Vézina: We live in a society made up of human beings and I will agree with all of you that man is not perfect, so there is absolutely nothing perfect in this society. It is another measure we are adding on. I am convinced that debate has already been initiated on several measures with a view to improving the quality of life of the people you and I are serving here in Ottawa.

Senator Molgat: Perhaps you could suggest similar improvements and we could also introduce private member's bills which would speed up these plans. Do you have any recommendations to give us?

Hon. Ms. Vézina: Senator, your question becomes an invitation to come back to this House.

Senator Molgat: We would be delighted to see you bacl. I have another question. We have received a letter this month from Minister Benoît Bouchard. In the first paragraph, he says that he would give us a short outline—I suppose you read the letter—and at the end of this paragraph he says: "members and senators from the province of Quebec, please note that this amendment not apply to the Quebec Pension Plan.

Was the minister suggesting that members and senators from Quebec should not vote or otherwise get involved in this bill, since he makes it quite clear it does not apply to the Quebec Pension Plan and it is therefore not in their interest to do so? Is that what he is suggesting?

Ms. Vézina: Although I am not an historian or a lawyer, I know it has been quite clear through the years that Quebec has its own plan. The purpose of this comment was merely to point out that it was unnecessary for the Quebec Pension Plan to submit to this measure. Speaking on behalf of my colleague, Minister Bouchard, who is responsible for this measure, I would urge members and senators from Quebec to vote for this bill because it is a measure that benefits the people in the rest of Canada. If we are here in Ottawa to work for Canada, whether we happen to be from Quebec or anywhere else, we have a duty as legislators to adopt measures that improve the quality of life of Canadians, and again, I would urge senators from Quebec to vote for this bill.

Senator Molgat: Since members and senators in this city, wherever they happen to come from, cannot vote on the Quebec Pension Plan because it is none of our business, would the minister suggest, on this premise, that her colleagues from Quebec should refrain from participating?

Ms. Vézina: Speaking as a Quebecer, I think we have a right and even an obligation to vote on a Canada Pension Plan.

Senator Molgat: In other words, we would have a say in the Quebec Pension Plan?

Ms. Vézina: I think you are asking what the responsibility is of the people here in this Chamber, and I think that as people who represent Canada, we have a responsibility to vote for this particular proposal.

Senator Molgat: I just want to add that it wasn't my idea but Mr. Bouchard's, who raised the matter in his letter. Thank you.

• (1530)

[*English*]

Senator Haidasz: I should thank the minister for answering so many questions. I hope my question is in order. I ask this question, Mr. Chairman, because I think it is very important.

Everything we are saying and doing this afternoon will perhaps not come about if we do not answer a question that was raised by a national newscaster on CFRB yesterday noon. I was serving as parliamentary secretary to the Honourable Judy LaMarsh when we brought in the Canada Pension Plan and the Quebec Pension Plan in 1963 and 1964, and of course we were assured that these pensions would be funded properly and that future generations of Canadians could expect to get their Canada Pension Plan when they chose, at age 60, 65 or later.

• (1540)

I would like to ask the Minister, Mr. Chairman, whether the Canada Pension Plan and the Quebec Pension Plan are fully funded and whether the funds will guarantee that, twenty or thirty years from today, the people who are paying into these funds will benefit from that plan in that they will collect their pensions?

Mr. Kirk on CFRB yesterday said that the Canada Pension Plan is not funded, and that future generations should not expect to get pensions from the Canada Pension Plan. Does this apply only to the Canada Pension Plan alone, or to the Canada Pension Plan and the Quebec Pension Plan?

[*Translation*]

Ms. Vézina: My colleague, the minister for Health and Welfare, introduced Bill C-39 in the House. This Bill, which is now law, enables us to have control over all the information you asked for in your question.

There is also a process which is quite common, that is an evaluation which is made every five years to ensure that the program is properly managed.

[*English*]

Senator Marshall: Some of the questions I wanted to ask have been answered in reply to Senator Molgat. However, I want to confirm on paper that Bill C-57 replaces Bill C-280.

Ms. Vezina: Yes.

Senator Marshall: And it arises out of a discrepancy in Bill C-29? I probably should not say discrepancy, but an oversight?

Mr. Fortier: The issue was with Bill C-280. It did not contain a Royal Recommendation, and it was ruled out of order by the Senate.

Senator Marshall: I am well aware of that. But at the committee proceedings when Bill C-29 came before us, we were advised that the bill originated in 1987. Am I right? I think one of the witnesses here was at that meeting.

Senator Murray: What was Bill C-29, Senator?

Senator Marshall: Bill C-29 is the original bill on the Canada Pension Plan.

Senator Murray: From the 1960's?

Senator Marshall: Wasn't Bill C-29 to deal with the CPP for these disability pensions?

Mr. Fortier: No.

Senator Marshall: What was that bill?

Mr. Fortier: I am sorry, I do not know. But there was a C-39, and this one came through the House of Commons and the Senate just before Christmas, and came into force as of January 1992. There were no difficulties at all.

Senator Marshall: When was the bill thought of? When was it prepared? Did you say in committee that it started in 1987, and you had consultation with your study advisory boards and consultation with the provinces?

Mr. Fortier: The children's benefits that were contained in C-39 were part of the proposal that had been discussed with the provinces following a consultation paper that had been put out by Mr. Epp in 1987, yes.

Senator Marshall: But these disabled people whose situations are dealt with in Bill C-57, they were not covered by that Bill C-39?

Mr. Fortier: They were partially included. There was a provision that allowed people who were incapacitated to be recognized by the Canada Pension Plan, even though they had not applied on time. And basically, this provision here is an expansion to all of the people who failed to apply on time.

Senator Marshall: Did you confirm that the bill was originally planned in 1987? I think you said that in committee. What I am trying to get at is: Why were they overlooked? The minister says that there are several thousand included now who were not included before.

Mr. Fortier: They were not overlooked. There was some consideration given to this particular group as well. However, this issue had been referred to the CPP Advisory Board, and their recommendation at that time was that, given that the Canada Pension Plan is relatively generous in terms of providing delayed coverage compared to private pension plans, recognition be given to late applicants who were incapacitated, as opposed to any late applicants.

Basically the government had gone along with that recommendation. During the debate on Bill C-39, of course, there was a lot of interest expressed about the other categories, and this particular bill is in response to that interest.

Senator Marshall: In response to the interest by a private member in introducing Bill C-280?

Mr. Fortier: Yes.

Senator Marshall: And it was never thought of prior to that time, despite all the consultations with the provinces?

Mr. Fortier: As I indicated, it had been discussed at the level of the CPP Advisory Board and the government had taken the advice of the CPP Advisory Board not to proceed further on that issue.

Senator Marshall: I am glad there is a man like Alan Redway, M.P. around. This is something that has been done by an M.P., and that does not happen too often. Therefore, Mr. Chairman, I am pleased with what has happened here. I only regret the fact that that consideration could not be extended to take into account the plight of another 3,500 citizens who are being neglected, and for whom we could have provided similar benefits if my Bill S-5 had been given the same consideration as Bill C-280 and now Bill C-57. I congratulate the government on, at least, admitting their mistake and providing for these handicapped people.

The Chairman: Thank you, Senator Marshall. Senator Molgat, you had another question?

Senator Molgat: Yes, thank you, Mr. Chairman.

[*Translation*]

Senator Molgat: Madam Minister, I would like to clarify a procedural question. I think that the Senate may have been put in a bad position by news reports. For example, here is what the Ottawa *Citizen* of February 14 said.

[*English*]

> A similar bill stickhandled past reluctant government members in the Commons before Christmas by Toronto MP Alan Redway was rejected by the Senate this week because it did not conform to Senate rules.

[*Translation*]

In his letter, the minister told him:

> This bill received the unanimous support of the House, although the Senate ruled it out of order because it did not have the royal recommendation which is required for legislation involving taxes or public spending.

It seems to me that the impression is given that the Senate objected for its own procedural reasons. The same objection should have been raised in the House, should it not?

This bill should not have passed the House without this same royal recommendation. Is that not so, Madam Minister?

Mrs. Vézina: But the House passed it unanimously.

Senator Molgat: It is surely against the Standing Orders of the House.

Mrs. Vézina: It was done in the House. Since I do not know the details and I never had the privilege to be Speaker of the House, I would certainly not want to say here what procedure should or should not have been followed. We are faced with the obvious fact that the House passed Bill C-280 on a unanimous vote.

Neither would I like to comment on what my colleague wrote to members of Parliament.

Senator Molgat: It may have been accepted unanimously in the House but the rules of that body are surely the same regarding the royal recommendation. Otherwise we will be in a new procedural era and we will be able to use that system in the House if you, as a minister of the government, tell us that it is not necessary to have a royal recommendation in the House. I am sure that my colleagues in the House will be delighted with that statement.

Mrs. Vézina: I certainly would not want you to interpret what I said because I think that what we are trying to do, you and I here together with your colleagues, is to interpret what happened both in the House of Commons and in the Senate with respect to Bill C-280.

I come back to what I said at the beginning. Mistakes may have been made along the way; there may have been delays in the past. What is important is that we have before us a measure that finally does justice to some people who have sought it and are entitled to their due.

Senator Molgat: I fully agree with you, Madam Minister. In this process, I would not want the Senate to be put in a bad position because it followed the rules which the House should have followed but did not.

Mrs. Vézina: I will convey your messsage to the right person.

Senator Molgat: Thank you, Madam Minister.

• (1550)

[*English*]

Senator Murray: Honourable senators, if there are no further questions of my colleague, the Honourable Monique Vezina, I would thank her and her officials for their appearance here and for answering the questions. We might now excuse her while we get on with the clause-by-clause study.

The Chairman: Honourable senators, shall clause 2 carry?

Hon. Senators: Agreed.

The Chairman: Shall clause 3 carry?

Hon. Senators: Agreed.

The Chairman: Shall the title carry?

Hon. Senators: Agreed.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

[Senator Molgat.]

The Hon. the Speaker: Honourable senators, the sitting of the Senate is resumed.

REPORT OF COMMITTEE OF THE WHOLE

Hon. Nathan Nurgitz: Mr. Speaker, the Committee of the Whole, to which was referred Bill C-57, to amend the Canada Pension Plan, has examined the said bill and has directed me to report the same to the Senate without amendment.

THIRD READING

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

[*Translation*]

FOREIGN AFFAIRS

MOTION TO CHANGE MEMBERSHIP OF COMMITTEE

Hon. Jacques Hébert: Honourable senators, with leave of the Senate, I move that the names of the Honourable Senators Cools, Corbin and LeBlanc (Beauséjour) be added to the list of senators who have been nominated to serve on the Standing Senate Committee on Foreign Affairs.

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

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

FOREIGN AFFAIRS

DANGER OF SERIOUS DISTURBANCES IN RELATION TO MACEDONIA

Hon. Philippe D. Gigantès: Honourable senators, last week when speaking on Macedonia, I had been misinformed on one point and I transmitted that misinformation to this house, and I regret that.

In answering questions from Senator Haidasz I spoke of a report by a committee of jurists of the European Community headed by a distinguished French jurist called Badenter, and I said that this committee had made a finding that the former Titoist Republic of Macedonia could not be recognized if it persisted in using the name "Macedonia" because that use implied territorial designs upon its neighbours.

Since then I have asked for a text of this finding by that committee and it was faxed to me. That is not what it says. It says:

[*Translation*]

> The Republic of Macedonia has made a formal commitment, according to international law, to refrain in general, and particularly in compliance with section 49 of its Constitution, from doing any hostile propaganda against another state. This emanates from a declaration dated January 11, 1992 . . . .

And I would like to add:

> Therefore, the use of the name Macedonia does not imply territorial designs upon any other state;

[*English*]

On that one point I had been misinformed. I transmitted the misinformation to this house and I regret that.

However, on the same issue, I do not want the finding of that group of jurists to make this house forget that usurping a name is, in many ways, as a columnist of the *Toronto Sun* pointed out today, like usurping a trade mark. He offered the example of the Slovenians adopting the name Switzerland and putting "Made in Switzerland" on their products, or North Korea calling itself Japan and putting the name "Japan" on its products. He adds that Iraq could do with a change of name.

• (1600)

There are serious objections by the Greeks to the use of this historical Greek name, going back more than 3,000 years, by a region of Tito's Yugoslavia which was christened "Macedonia" by Tito no more than 45 years ago.

INTERNATIONAL ASSEMBLY OF FRENCH-SPEAKING PARLAMENTARIANS

REPORT OF CANADIAN DELEGATION

Leave having been given to revert to Presentation of Reports from Inter-parliamentary Delegations:

Hon. Philippe Deane Gigantès: I would like to submit to the house a report of the International Assembly of French-Speaking Parliamentarians.

[*Translation*]

Honourable senators, this meeting was held in Berne, on January 22 and 23, 1992. The Canadian delegation played a constructive role at that meeting. We were able to make several changes, including one where we replaced the terms "le respect des droits de l'homme", as a pre-condition for sustainable development assistance, by the expression "respect des droits humains".

Some delegations did not agree with us. We had to play hard, but we succeeded. At one point, I even said that I would never dare show up in the Senate again and face my female colleagues if I voted for that.

[*English*]

RULES OF THE SENATE

MOTIONS TO RESCIND CURRENT RULES—MOTIONS WITHDRAWN

On motion No. 11:

> That pursuant to section 18 of the BNA Act which precludes major changes to privilege without Act of Parliament, and which at all events precludes elevating a member's immunities, powers, or privilege above the corresponding immunities, powers or privileges held by other members in this House or in the British Parliament, and in consideration of Senate Rule 3 which supports practice, based on Senate Rule 2 for the maintenance of privilege, and as the empowerment of the Senate Speaker by the current rules 1 and 18 threatens universal privilege in the Senate, and is of profound constitutional significance; therefore, the Senate $%resolves to rescind the adoption of the present rules$% as occurred on June 18, 1991, through simple majority resolution to adopt the report of the Standing Senate Committee on Standing Rules and Orders as tabled in the Senate on June 11, 1991.

On Motion No. 12:

> That pursuant to rule 3 which supports practice, and based on rule 2 for the maintenance of privilege, as it is a matter of universal privilege, and of profound constitutional significance; therefore the Senate resolves that the question whether to rescind the adoption of the present rules as resolved on June 18, 1991 with less than two-thirds majority at that time, in contravention of then-rule 47(2), shall correspondingly be decided by a simple majority, without intending thereby to set a precedent of general practice.

Hon. Stanley Haidasz: Honourable senators, I rise to request that the motions, numbers 11 and 12, standing in my name be removed from the Order Paper.

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

Hon. Senators: Agreed.

Motions withdrawn.

PRIVILEGES, STANDING RULES AND ORDERS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO CONSIDER PROPRIETY AND CONSTITUTIONALITY OF AMENDMENTS TO RULES OF THE SENATE

Hon. Stanley Haidasz: Honourable senators, I give notice that on Friday, February 28, 1992, I will move:

> That the Standing Committee on Privileges, Standing Rules and Orders be authorized to consider the propriety and the constitutionality of the changes and amendments to the *Rules of the Senate*, adopted by the Senate on June 18, 1991; and
>
> That the Committee report no later than June 11, 1992.

[*Translation*]

THE GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present some petitions signed by 1,577 citizens from Nova Scotia who oppose the goods and services tax as it applies to books and periodicals.

These petitions come mainly from Truro, Halifax, Dartmouth and Sydney. The petitioners remind us of the ancient Canadian tradition regarding petitions, and I quote them:

[*English*]

The Government of Canada has seen fit, since Confederation and without hiatus, to apply a zero rate of tax to maga-

zines, books and newspapers. The petitioners remind us that uninhibited dissemination of the printed word is a cornerstone of democracy, culture and education, and that a literate and productive society will be negatively affected by GST application.

May I remind honourable senators that this petition was signed by 1,577 citizens.

QUESTION PERIOD

SCIENCE AND TECHNOLOGY

KAON PROJECT—CANADIAN FUNDING—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, last week the *Vancouver Sun* reported on the situation with respect to the KAON project in British Columbia. The government had promised to fund a significant portion of the particle accelerator at the University of British Columbia. The report in the newspaper stated that the Minister of Science, the Honourable William Winegard, had launched another study to find out whether Canada should contribute in the U.S. or in Switzerland instead of contributing to the science project at the University of British Columbia.

I would ask the Leader of the Government in the Senate whether this report is true?

Hon. Lowell Murray (Leader of the Government): Honourable senators, that is a good question. This is the first I have heard of it. My understanding was that there were still discussions going on between us and the government of British Columbia on this matter, but I shall hasten to find out.

ELIMINATION OF SCIENCE COUNCIL OF CANADA—EFFECT ON ACCESSIBILITY OF INFORMATION

Hon Lorna Marsden: Honourable senators, under circumstances that have existed in this country for quite sometime, one could phone the Science Council of Canada, one of the leading advisory bodies that was accessible to the public, and ask them the answer to that question. One would receive an answer because it was their mandate and practice to keep well informed on the situation of science and technology policy in this country. However, as we all know, the government has decided to cut out that agency; at least, that was the announcement in the budget plans.

I would ask the Leader of the Government in the Senate how a citizen can find out what is happening on the KAON project in the future if there is no such agency and if the newspaper reports are as confusing as the one I have just reported on?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the government is prepared to invest considerable resources in the KAON project, and the public, including my honourable friend, may find out by asking questions of the responsible minister. I have undertaken to convey her question to Mr. Winegard and I shall do so this very afternoon.

It is true that the KAON project is a controversial one in the scientific community. I am aware that there are those who oppose the expenditure of federal government money on that project. They do so because they believe there are other priorities which should take precedence.

That is not the view of the government, nor is it the view of a great many other people in the scientific community. We made a decision on the matter and we will stay with that decision because we believe it was made for all the right reasons. The honourable senator will be aware that, while there has been opposition, there is also considerable support for the project and for the federal government's involvement in it.

Senator Marsden: Honourable senators, I am glad to hear the government intends to stay with that decision, but almost all large science projects are controversial. My question concerns the decision to cut out the Science Council of Canada. It would seem to me that it is precisely the kind of advice that agencies like the Science Council gave on the KAON project that were so useful to government in making up its mind. The additional advantage of the Science Council is not only in its advice to government, but that it is held in high regard by members of the public. It may be possible for me to ask the minister a question now, but it is not possible for the majority of people to have such quick access. It is the public accessibility that will be missing.

• (1610)

Senator Murray: Honourable senators, what was announced in the budget Tuesday with regard to the liquidation of the Science Council of Canada does not mean that the government or the public will be deprived of an independent source of advice on science policy. On the contrary. For one thing, there is the National Advisory Board on Science and Technology set up under this government some time ago which fills that role quite admirably.

Senator Marsden: Honourable senators, I am afraid I must disagree with the minister. The NAB does not publish most of its papers. They circulate in the underground. We all read them, that is true, but they are not public documents. We know people who sit on the National Advisory Board. We ask them. Their lips are sealed. They are private advisors to the cabinet.

I would ask the minister to check on that matter of public access. If the NAB were open, could we please have free access to all the papers they have published since they were established so that those papers could be distributed to such good citizens as students and individuals who do not know board members?

Senator Murray: Honourable senators, that is a matter I will take up with my cabinet colleagues. I will let the honourable senator know.

THE BUDGET

ELIMINATION OF ECONOMIC COUNCIL OF CANADA—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, while we are on the subject of councils, I wonder if the Leader of the Government in the Senate would tell the House to what body the government proposes to turn in the future for the kind of information and guidance it formerly obtained from the Economic Council of Canada?

Hon. Lowell Murray (Leader of the Government): To list the number of bodies that are capable of giving and do give advice to the government and take a lead in public debates on economic matters would take all afternoon.

Hon. Philippe Deane Gigantès: The Fraser Institute.

Senator Murray: I remember, as does the honourable senator, the circumstances under which the Economic Council of Canada was created in 1964. It replaced the old National Productivity Council that had been set up by Prime Minister Diefenbaker. Dr. Deutsch was the first chairman of the Economic Council of Canada. Since that time, we have had a proliferation of various think tanks and research bodies in the private sector. We have other organizations such as the Canadian Centre on Labour Markets and Productivity, and a variety of other organizations that feed the debate on economic policy in this country quite effectively.

Senator Stewart: Following that reply, for which I am grateful, given the fact that the minister agrees that economic questions tend to be frequently debated, does he imply by his answer that he thinks the views of a private think tank are likely to be as objective as those of a publicly financed body?

Senator Murray: Honourable senators, if my honourable friend will examine the list of directors of the Economic Council of Canada, he will find that most of them are from the private sector. They are people from business, from labour unions, from the academic world, many of whom, I think you will find, are involved in other organizations of that kind. They are well known participants in the public debate on economic policy in this country, and I am sure they will continue to be in their various other incarnations.

Senator Stewart: Is the implication of the answer that the source of the financing of the council or think tank really makes no difference whatsoever?

Senator Murray: That is a fair interpretation of what I said, yes.

Hon. Stanley Haidasz: Honourable senators, I have a supplementary question. I will quote from an article printed in today's *Toronto Sun*, under the byline of Allan Fotheringham.

> But the Economic Council enraged the prime minister last year by issuing a report that assessed the cost of Quebec sovereignty, with a few conclusions that raised eyebrows. Some thought separatists could take some comfort from the interpretation. Chop goes the Economic Council, not for logical or practical reasons but for Tory partisan reasons.

I would like the Leader of the Government in the Senate to tell this house the truth. For what reasons did the government chop the Economic Council of Canada? I am sure that many Canadians were as shocked as I was to hear in the budget speech that the Economic Council of Canada would be eliminated.

Senator Murray: Honourable senators, the reasons for eliminating the Economic Council of Canada and for eliminating or merging various other boards, commissions and agencies were set out in Mr. Mazankowski's budget speech on Tuesday last.

As for any partisan motivations, how could it be? Most if not all of the people on the board of the Economic Council—

Hon. Royce Frith (Leader of the Opposition): Are Tory appointees.

Senator Murray: —were appointed by us. I do not mind saying that many, if not all of them, are friends of ours.

Senator Haidasz: Could the Leader of the Government in the Senate then tell us what is the fate of the 379 other federal agencies and Crown corporations, in view of the excuse of the finance minister that he must cut expenses? He gets rid of 21, but what about the other 379 Crown corporations and federal agencies? What will happen to them in the future?

Senator Murray: Honourable senators, the answer to the question must be obvious. We have decided to eliminate a certain number and merge others. No decision has been taken with respect to the others, except that they are continuing business as usual.

GENERAL AGREEMENT ON TARIFFS AND TRADE

MINISTERIAL DELEGATION—REQUEST FOR PROGRESS REPORT

Hon. H.A. Olson: I want to ask the Leader of the Government in the Senate a question about the progress made by the delegation that went to the GATT last week and the week before. They travelled to several places, including Brussels, Geneva, Paris, and Bonn.

This delegation was comprised of three ministers: the Minister of Trade, Mr. Wilson, and both ministers of Agriculture. What we read in the newspapers is that they met with rejection and failure every place they went. There was disapproval or lack of agreement by the leaders in those European capitals for the Canadian position respecting Article XI of the GATT. There is intense concern about this situation among certain farm communities, particularly the dairy industry, and those involving eggs, poultry and turkeys. Can the minister tell us what the government believes it achieved on this trip and whether or not the present course of action is doomed to the kind of failure that has been reported? Can we hope for some improvement?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my friend is, at the very least, premature in

pronouncing the mission of our colleagues to Europe as having been a failure. That kind of statement can only play into the hands of our adversaries in the world.

I wish to tell the honourable senator that so far as the Dunkel text is concerned, Mr. Dunkel has been quite clear that possible changes can only be addressed if there are a number of countries sharing the same concern regarding the Dunkel text. We will not know for sure until the various countries submit their draft offers on March 1.

● (1620)

Second, the testimony of Mr. Wilson and other cabinet colleagues is that the mission to Europe was very important in terms of reinforcing Canada's position and conveying to our European interlocutors that there is a national consensus in this country in support of a balanced position on agriculture. Further to that, for the first time we obtained, in the course of this mission to Europe, an unambiguous declaration from the EEC Commission, and support from Germany as well, regarding the clarification of Article XI of the GATT.

Senator Olson: That is interesting. Has the Canadian government failed or neglected—whichever word you like best—to convey the view to those governments or members of the GATT that there was a consensus or consistent view in Canada of these marketing agencies and the people who belong to them?

Senator Murray: We did not mention to them that the Liberal opposition has given up.

Senator Olson: Oh, boy. I should read the debates to them some day, or tell them where the debates can be found as to what the Conservatives did when we, the Liberals—including me as Minister of Agriculture—were trying to bring in the enabling legislation.

Hon. Jean-Maurice Simard: You have been gone a long time now.

Senator Olson: The Tories were so adamantly opposed to that legislation that the committee stayed up all night for three nights to try and get it passed. That is why I mention that.

Part of the minister's answer was that for the first time they had managed to convey that there was a consensus in Canada to modify and keep—

Senator Murray: No. For the first time we got an unambiguous declaration from the European community and from Germany with regard to Article XI.

The fact of the matter is that the European Economic Commission does not support the Dunkel proposal with regard to Article XI.

Senator Olson: That is good. I give the government full credit for that, but you should be ashamed that you had not achieved that long ago. Why did you not convey that a long time ago?

Senator Murray: They are conveying it to us.

Senator Olson: These negotiations have been going on now for five years and we are finally getting to the point where you are conveying an unambiguous view to them.

[Senator Murray.]

Senator Murray: No. They are conveying an unambiguous view to us.

Hon. Royce Frith (Leader of the Opposition): They finally listened to you. It took a long time, though.

Senator Olson: We will have a debate on this tomorrow, Mr. Speaker. I have a notice under "Inquiries", where we want to discuss this. I hope the minister will come and give us some further details because what he has done so far today—and I agree that Question Period is not a place to have a debate—is he has given us some abstract, superfluous comments on the matter. I hope that he will come tomorrow and give us some detail on what has happened, because a lot of people in Canada are vitally concerned about whether or not the government will support them.

I asked the government the other day if they intended to stick to their guns. It is not the Liberals who are backing away. As long as the government sticks to the position that they claim they will stick to—and, as the Prime Minister said, "We will fight day and night to do this"—that is fine.

Senator Simard: That is right.

Senator Olson: But I hope that it is not just a facade that they are putting on. Tomorrow, or even today, would be a good time to give us some assurance on that.

NORTH ATLANTIC TREATY ORGANIZATION

EFFECT OF BUDGET ON CANADIAN CONTRIBUTION—GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, in the budget the government has broken its promise in the last election to the Canadian electorate and breached its reputed pledges and commitment to its closest allies by withdrawing the small, almost vital contingent of combat forces in continental Europe. Does the government recognize that its actions could unravel and hasten the demise of NATO? If so, is that the government position?

Hon. Lowell Murray (Leader of the Government): No, honourable senators. First, I suggest my honourable friend should allow our NATO allies to speak for themselves, pending which I would not be inclined to take his views as being representative of theirs.

Secondly, we are not leaving NATO. We will retain a couple of squadrons of CF-18s and a brigade group here in Canada for the purpose of taking part in any emergency in Europe. And, as the honourable senator is well aware, we continue to be available preeminently among the nations of the world for peace-keeping assignments. Indeed, as the honourable senator will be aware from recent reports, while we may be leaving Germany, we seem to be going into Yugoslavia in some force.

Senator Grafstein: For the government's information—if it has not been made available—I have had the opportunity to read in the reports today the reaction from various of our allies, including NATO. Let me just give you some reaction.

First, it indicates in a newspaper report in today's *New York Times* that Canada's withdrawal has stirred angry reactions from the Bush administration and from NATO headquarters.

Hon. Efstathios Barootes: Now you like the United States, do you? You did not like them one year ago.

Senator Grafstein: We will hear from eastern Europe in a moment. The report goes on to state.

> . . . mirroring fears that it will increase Congressional pressures for faster American withdrawal and unravel the 43-year-old North Atlantic Treaty Organization.

It goes on to quote the NATO Secretary General, Manfred Woerner, who noted that with considerable regret

> . . . given the political and military importance of the presence of Canadian forces in Europe . . . ..

Senator Roblin: Read the rest of it if you want to quote Mr. Woerner.

Senator Grafstein: We can go on and read the comments of one of our Canadian advisers. Alex Morrison, Executive Director of the Canadian Institute of Strategic Studies, stated that the token level was still "psychologically very important to Canada's presence." He criticized the move as:

> . . . a withdrawal of Canada into itself. It would reduce the importance of Canada's voice not only in NATO but in general European security matters.

I ask the question through the leader in the Senate if the Canadian government did consult with its allies before taking this decision. For example, did they consult with NATO? Did they consult with the United States? Did the government consult with the U.K? Did the government consult with Germany?

Senator Murray: Yes, yes, yes and yes.

Senator Grafstein: If that was the case, what was the reaction from those countries?

Senator Murray: Honourable senators, my friend should have added to the quotation from the Secretary General of NATO the following. He also said that "Canada has assured the allies it will meet its other commitments to the 16-country North Atlantic Treaty Organization and its joint military structure."

As I pointed out, we are keeping two CF-18 fighter squadrons here for contingency operations and the brigade group for war or contingency operations in Europe. Our continuing principal NATO commitments will, like those of our allies, be those related to the defense of our own territory, and to our air and maritime approaches.

• (1630)

Senator Grafstein: Is the government not concerned that Canada's influence in international bodies in Europe—CSCE, NATO itself and even GATT and the ECC—will be vastly diminished by this symbolic withdrawal?

Senator Murray: I do not agree with the honourable senator.

Senator Grafstein: Honourable senators, it appears that these experts and the European experts disagree here.

Senator Murray: The honourable senator has quoted an unnamed person in the Bush administration, the Secretary General of NATO and Alex Morrison, a Canadian.

Senator Grafstein: Honourable senators, perhaps I could add one other name, again from the same press report. This is Professor Serfaty who is a specialist in Atlantic relations in Washington. He states this:

> . . . it will confirm the perception that all of the new world is going home, and it might increase European interests in developing an autonomous defence entity that would be distinct from NATO.

Does the government consider that to be a useful trend?

Senator Murray: Honourable senators, we are hardly going home. I just explained that we will be in NATO until 1995 or thereabouts; second, what we are doing in terms of the military structure and, third, the very considerable commitment that we have made to peacekeeping throughout the world, including in Europe. This is collective security in the 1990s. That is proper foreign defense policy in the 1990s.

FISHERIES AND OCEANS

DECLINE OF NORTHERN COD STOCKS—REQUEST FOR GOVERNMENT REPORT

Hon John B. Stewart: Honourable senators, I would ask a question of the Leader of the Government in the Senate concerning the tragic situation that now prevails in the North Atlantic ground fishery. As a basis for my question let me read a sentence or two from the *Globe and Mail*, February 27, 1992:

> For five years, a series of danger signals flashed that the northern cod stocks were in dangerous decline. Inshore fishermen sent that message when they returned from frustrating fishing trips. An independent review of the stocks underscored the problem, first in an interim report in 1989 then in an authoritative report in February, 1990.

That report, I interject, was made by Dr. Leslie Harris of Memorial University. Continuing the quotation:

> The government dismissed Mr. Harris as a "purist" who did not understand the socio-economic problems of the fishery.

The author of this piece in the *Globe and Mail* proceeds to quote a letter written by the fisheries minister of the day, the Honourable Bernard Valcourt, to this newspaper; that is, the *Globe and Mail*. I quote from the quotation given by the *Globe and Mail* of Mr. Valcourt's letter:

> These levels will allow the stocks to regenerate, not fast enough for the purists perhaps, but sufficient to ensure that massive social and economic dislocation and hardship is prevented.

Mr. Simpson goes on to comment that, in the end, Dr. Harris turned out to be right. The inshore fishermen turned out to be right as well.

My question to the minister is this: Will he prepare and present to the Senate an account explaining how the Department of Fisheries and Oceans allowed this tragic situation to develop, or will he propose, perhaps, that the Senate go into Committee of the Whole to receive an accounting from the present Minister of Fisheries and Oceans?

What the government has done over this five-year period not only affects our efforts to manage the cod fishery and the ground fishery but also our argument that the Spanish and Portuguese fishing industry should act in a more responsible way. I think it is very important that we have a considered report from the government on what is indeed a tragic situation. Will the minister arrange for such a report to be given in one way or another to the Senate?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask my colleague, Mr. Crosbie, for such a report. I recall the Harris Report as does the honourable senator. It is not fair or accurate to say that we dismissed Dr. Harris as a purist. Having said that, I acknowledge freely that social and economic considerations did play a part and continue to play a part in the decisions that are made concerning the total allowable catch every year. They have to, and I cannot hide that for a moment.

I should also point out, however, that it is still not entirely clear what the reasons are for the very recent crisis in terms of the availability of cod. One explanation, of course, has to do with over-fishing by foreigners and others. Another contributing factor may well be, as Mr. Crosbie has identified, the increase in the seal herd which feeds, it is thought, on cod and certainly on capelin, which is food for cod. Another contributing factor may well be climatic conditions in the North Atlantic. Having said that, I will ask for a fuller report from my colleague, Mr. Crosbie, and bring it in in due course.

Senator Stewart: Honourable senators, I appreciate the minister's response. Will he, in communicating with the fisheries minister, make the point that it would be very useful to know why the department went against the information provided over a period of years by inshore fishermen and information given by Mr. Leslie Harris. Why did the scientists come to conclusions that were different from those of the people on the ground, as it were, and what is the possible explanation of why the scientists were wrong, whereas the inshore fishermen were right?

Senator Murray: Honourable senators, I shall certainly convey that question to my cabinet colleague.

THE BUDGET

ELIMINATION OF LAW REFORM COMMISSION—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, I have—

The Hon. the Speaker: Honourable senators, I must advise the chamber that under rule 23(7) we are now more than 5 minutes past the 30 minutes allowed for Question Period.

Senator Frith: Guillotine! Gag!

Senator Grafstein: Honourable senators, I have one question.

The Hon. the Speaker: You must have agreement in order to continue.

Senator Grafstein: Honourable senators, may I have agreement to ask a question arising out of the budget?

Senator Roblin: Tomorrow is a good day.

Senator Olson: Go ahead.

Senator Grafstein: Could the government explain to us, if the explanation is the same, the rationale for liquidating another independent federal voice, and that is the Law Reform Commission? I say that because it took more than a decade of public debate in the country to establish that commission. I was involved indirectly in its formation in the early 1970s. Is there a rationale for eliminating the Law Reform Commission?

Hon. Lowell Murray (Leader of the Government): They have done very good work, honourable senators, but we feel that the need for them has expired.

Senator Grafstein: I will come back to the matter again.

● (1640)

ANSWERS TO ORDER PAPER QUESTIONS TABLED

TERRORISM AND PUBLIC SAFETY

STATUS OF CRISIS MANAGEMNENT FACILITY WITHIN PCO

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 36 on the Order Paper—by Senator Kenny.

TERRORISM AND PUBLIC SAFETY

SENIOR SECURITY AND INTELLIGENCE PERSONNEL—NATURE AND EFFECT OF HIGH TURNOVER RATE

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 37 on the Order Paper—by Senator Kenny.

TERRORISM AND PUBLIC SAFETY

RECOMMENDATIONS OF SPECIAL SENATE COMMITTEE ON JOINT FORCES TRAINING EXERCISES

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 38 on the Order Paper—by Senator Kenny.

TERRORISM AND PUBLIC SAFETY

CONDUCT OF MEDIA IN HANDLING TERRORIST INCIDENTS

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 39 on the Order Paper—by Senator Kenny.

TERRORISM AND PUBLIC SAFETY

MEASURES TO PROSCRIBE USE OF TERRORIST MANUALS

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 40 on the Order Paper—by Senator Kenny.

TERRORISM AND PUBLIC SAFETY

HOSTAGE TAKINGS ON FOREIGN SOIL—RCMP RESCUE OPERATIONS

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 41 on the Order Paper—by Senator Kenny.

TERRORISM AND PUBLIC SAFETY

INTERNATIONAL COUNTERTERRORISM AGREEMENTS—CANADIAN PARTICIPATION

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 42 on the Order Paper—by Senator Kenny.

TERRORISM AND PUBLIC SAFETY

STATUS OF IMMIGRATION SECURITY

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 44 on the Order Paper—by Senator Kenny.

TRANSPORT CANADA

SECURITY CLEARANCE OF AIRPORT PERSONNEL

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 45 on the Order Paper—by Senator Kenny.

TERRORISM AND PUBLIC SAFETY

RCMP-MEDIA RELATIONS—NATURE AND TIMING OF DISCUSSIONS

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 46 on the Order Paper—by Senator Kenny.

TERRORISM AND PUBLIC SAFETY

MONITORING OF BROADCASTS OF TERRORIST INCIDENTS

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 47 on the Order Paper—by Senator Kenny.

NEWFOUNDLAND AND LABRADOR

FUNDING FOR SOCIAL HOUSING

Hon. John Lynch-Staunton, (Deputy Leader of the Government) tabled the answer to Question No. 51 on the Order Paper—by Senator Marshall.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question raised on February 13 by Senator Frith regarding Employment and Immigration, and a delayed answer to a question raised on February 18 by Senator Molgat regarding the Port of Churchill, Manitoba.

EMPLOYMENT AND IMMIGRATION

JOB STRATEGY PROGRAM—EFFECT OF BUDGET CUTS

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

The overall budget available for labour market programming is now higher than ever. The large increase in Unemployment Insurance (U.I.) funds (Developmental Uses) made available for active program measures will actually result in a net increase in next fiscal year's total budget. Employment and Immigration Canada's 1992-93 budget is slated to increase by $300 million to $3.4 billion.

The increase will put the Department of Employment and Immigration in a position to provide assistance to more individuals than at any time in the past. Currently, we reach approximately 600,000 individuals with various training and other adjustment programs. The additional funds will help reach even more individuals and go a long way in ensuring a better environment for canadians to secure stable employment in the future.

TRANSPORT

PORT OF CHURCHILL, MANITOBA—STATUS OF FACILITIES

(*Response to question raised by Hon. Gildas L. Molgat on February 18, 1992*)

Transport Minister Jean Corbeil announced on February 20, 1992, that the 1992 shipping season at the Port of Churchill will commence on or about July 24, depending on local ice and weather conditions.

The Honourable Shirley Martin, Minister of State for Transport, will continue to oversee the process of collect-

ing facts on the rail line, the port and the community. This will provide a strong body of information with which future decisions about the facility can be made.

[*Translation*]

PRIVATE BILL

INCOME TAX CONVENTIONS BILL—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-2, an Act, to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and the prevention of fiscal evasion and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes, and acquainting the Senate that they had passed the bill without amendment.

[*English*]

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

THIRD READING—DEBATE CONTINUED

On the Order:

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

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

(4) Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date the Official Languages Act applies to the airport authority, with such modifications as the circumstances require, to the authority in relation to the airport as if

(a) the authority were a federal institution; and

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

Hon. Royce Frith (Leader of the Opposition): Honourable senators, this bill, you will remember, is the subject of an amendment proposed by me dealing with the question of official language service by concessionaires to the travelling public and in principal, and in fact, to all other concessionaires at airports.

The origin of the amendment was a letter I received from the immediate former Commissioner of Official Languages, D'Iberville Fortier. That letter appears in the *Debates* at least once. I put it on the record at the time of earlier debate, possibly at second reading.

[Senator Lynch-Staunton.]

The matter was then referred to a Senate committee, and the present Commissioner of Official Languages, Dr. Goldbloom, gave evidence effectively supporting the position taken by Mr. Fortier, namely, that the legislation should be amended.

There were then discussions on both sides, because the essence of the amendment found favour on both sides. There was not a high level of partisanship over at least finding some way to correct a defect underlined by two Commissioners of Official Languages. Negotiations took place, I understand, with the appropriate minister.

I can now bring you up to date by saying that I have conferred with the Leader of the Government in the Senate, and he has kindly furnished me with a copy of a letter addressed to him from the minister, Jean Corbeil. I will read that letter so that honourable senators will understand exactly the situation.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Excuse me. It could be the draft which you have is not the final letter. There have been a couple of changes. Perhaps I could furnish you with the final letter. We could also have copies distributed to our colleagues so they could follow along with you. There have been one or two changes that would appear to be minor but significant. I would rather you read from this text.

Senator Frith: Not changing the essence?

Senator Lynch-Staunton: Not at all. I don't think you will even notice it.

Senator Frith: I should say that attached to this letter is a letter from the commissioner's office also, and I will read that. While copies are being made and distributed, I will read Mr. Corbeil's letter. It is addressed to Senator Murray, Leader of the Government in the Senate.

Dear Colleague:

This is further to our discussions regarding Bill C-15 **[The Airport Transfer (Miscellaneous Matters) Act]** and the urgency of getting the Bill through the Senate in order not to delay the implementation of the airport transfer initiative with the Local Airport Authorities (LAAs) of Montreal, Edmonton, Calgary, and Vancouver.

I am going to read these parts quickly. I will come to the what I think are the key parts, and I will read them a little more slowly.

I am pleased to report that our colleague, the Honourable Gilles Loiselle, President of the Treasury Board has agreed with my proposal to include—

This is important. This is the essence of it.

—a special clause in any future TC-LAA lease of federal airports located in New Brunswick to the effect that those future LAAs would undertake contractually to comply with the provisions of Parts V and VI of the **Official Languages Act.** This new clause would read as follows:

Then it sets out the wording. It says that the LAA undertakes to comply with the provisions of Part V. I do not think I

need to read that because that I have no problem with the fact that the objective to insert such an obligation in a lease is met by that wording. You will see the exact wording in a moment when you receive copies.

> Non compliance with the above-mentioned clause would trigger an event of default under the TC-LAA Lease.

That is the sanction.

> In order to enhance the position of the Landlord (the federal government) in the event that it may become necessary for the Landlord to seek an injunction against the LAA to enforce the above-mentioned clause, a consequential amendment to the Lease would be made thereto in order to include:
>
> (a) an acknowledgment and agreement that the covenants and agreements . . .

There is then legal language which I again say effectively meets the objective. It deals with an acknowledgment, as I say, that the covenants and agreements on the part of the LAA contained in the above-mentioned clause are unique and extraordinary. That I can tell you is a necessary sort of wording to support an injunction. Such strong wording would not be as necessary to support damages, but that kind of wording helps support an injunction.

> (b) a consent to an injunction being granted against it . . .

and so on. So it is very strong.

> The major difference in taking the contractual approach as opposed to the legislative approach is that I will become responsible for the enforcement of the above-mentioned clause.

"I" in this case means the Honourable Jean Corbeil.

> Please let me assure you that it is the legal opinion of Justice Canada that the validity of the above-mentioned clause, to the extent that it imposes upon the LAA contractual obligations only in respect of the Airport Undertaking, cannot be invalidated by any provincial language of work legislation as such provincial language of work legislation is inapplicable in respect of the Airport Undertaking.

That is a constitutional point.

> Provincial language of work legislation does reach the federal works, undertakings, services and business qua federal organization and, hence, is inapplicable to such federal works, airport undertakings (e.g. LAAs), services and businesses.
>
> As far as the other federal airports included in bilingual prescribed regions (see attached annex for the current list), I take the undertaking to review each airport transfer project and to include within the TC-LAA Lease the above-mentioned clause to continue to apply Parts V and VI of the **Official Languages Act** at those airports if and when they are leased to LAAs.

The next document is as referred to in the main letter, the regions referred to.

• (1650)

Senator Frith: In case I did not say so, the other letter was dated February 27, as is the letter from the Office of the Commissioner of Official Languages. It is to Jean Corbeil.

> "Dear Mr. Corbeil: This is in response to your letter addressed to the Commissioner on February 26, 1992."

We do not have that letter but we can certainly infer that it raised this proposal of contractual versus legislative sanctions.

> "As Dr. Goldbloom indicated to you in your recent meeting, he is currently in favor of the application of Parts V and VI of the *Official Languages Act* to local airport authority leases in prescribed regions.
>
> "It would have been preferable for such a provision to be included in the legislation to provide a continuing guarantee but I am confident that in the absence of such a provision Dr. Goldbloom would support an alternative measure such as that which you are proposing to introduce."

It is signed by Peter L. Rainboth. It does not say what his position is, but he is of the Office of the Commissioner of Official Languages.

Senator Lynch-Staunton: Deputy Commissioner.

Senator Frith: Honourable senators, I first want to congratulate the government for this initiative. It is an important step in remedying the weakness in the legislation on the subject dealt with in the amendment. But as I explained to Senator Murray, I am going to ask for a vote on the amendment for the following reasons.

First, I would have preferred—and this is a bit nitpicky, I accept, but I would have preferred to have had something directly from Dr. Goldbloom because when the history of this legislation and amendment is examined in the Senate, it will be found that there are direct statements from both Dr. Goldbloom and Mr. Fortier that they want legislation. And I have not had that corrected by Dr. Goldbloom, himself.

The second is that there is no question, I do not think anyone would argue with the fact, that legislation is a much stronger guarantee, a much stronger sanction than an undertaking by the Minister which, I want to make very clear, I accept fully. I also accept fully the undertaking of Mr. Loiselle. I make no suggestion of bad faith or lack of trustworthiness in their promises. It is just that they only can fulfil that personal undertaking. Subsequent ministers would not be bound. Subsequent governments would not be bound.

The legislation is the real guarantee. I remember someone telling me that they had once asked a very canny Scots businessman in Scotland any rules that he had for his great success in business. He answered, one is that when a man offers you his word or his bond, take his bond every time. I am not suggesting that I do not take the word of Mr. Loiselle and the word of Mr. Corbeil, because I do, without reservation, but in matters of this kind, there is nothing quite like legislation for the real guarantee. It binds subsequent, unless withdrawn, and cannot be changed by successors by simply withdrawing.

Senator Molgat: And so says the Commissioner.

Senator Frith: Honourable senators, I close by again wanting to be clear that I do not feel at all mean-spirited about the efforts that the government has taken to remedy this situation, the situation which is the subject of my amendment. I think they have made a good effort, and it is only for these reasons that I feel the record should show clearly that the legislation should provide the sanction, rather than the undertaking, though given in very good faith by two ministers.

Hon. John Lynch-Staunton (Leader of the Government): Honourable senators, I think that before we vote on the amendment we should remember that a similar amendment was proposed in the House when this bill was being debated over there and it was turned down. So one should ask himself or herself this question: if an amendment is passed similar to the one already turned down, what will its fate be over there?

Secondly, if an amendment must be passed and it then goes back to the House, the passage of this bill could well be delayed indefinitely. I bring that up because, in Montreal, the local authority already has—

Senator Frith: You have not lost the majority over there while we were not looking?

Senator Lynch-Staunton: I think they probably are pressed with other bills.

Senator Frith: You may have trouble getting it on the Order Paper.

Senator Lynch-Staunton: Yes. And we hope to see passage of this bill without an amendment, as we all appear to agree that the letter is nearly as strong and binds the government as much as an amendment to the act would.

In Montreal, the local authority which will be responsible for the management of the Montreal and Mirabel airports has an agreement already. It only needs ratification of the bill and signature for the agreement to go into effect. They have been working on it for four years and are very anxious to get going. That should be taken into consideration when we come to vote on the amendment.

[*Translation*]

Hon. Maurice Simard: Honourable senators, I just want to take a moment to inform you that I shall support Senator Frith's motion.

I will not repeat the arguments put forward in a previous speech I made on this subject back in November, October or early December 1991. I am definitely not going to read you the documents produced by Senator Frith, the letter from the Minister of Transport date February 27 and from the Commissioner of Official Languages.

On the other hand, I want to make it quite clear that, should Senator Frith's motion be defeated, Bill C-15 will represent a setback, the loss of vested linguistic rights for airport employees in designated bilingual areas.

I will spare you as well the innumerable contradictions I see in the government's argument in support of this bill. It does not want to go against Quebec laws, we are told, while we know that this was already granted in the Official Languages Act. Before the Department of Transport received this latest legal opinion, that you have read, they had set out to tell us also that other legal opinions had been given to the effect that the federal government could not have dealings, not even through leasing, with the likes of the Société des aéroports du Nouveau-Brunswick et du Québec because, among other things, it could not take part in a breach of Quebec legislation in spite of the fact that this is already being done and will continue to be as regards the language of service as it applies to section 29 I believe.

The act will continue to provide that with regard to the sign law the policy should be much more generous than is permitted under the Quebec provincial legislation in this respect.

I would advise the minister not to come up with this kind of contradictions too often because I think they will be thrown right back in his face.

Honourable senators, I think marked progress has been made in collaboration with the ministers, my colleagues on this side of the House and with the support of our colleagues opposite.

I think it is a considerable improvement, but it is not enough. As I said earlier, despite the benefits of privatization, we will be deprived of certain services. Now this may not have much of an impact on people in New Brunswick or anywhere else. However, even if it affects the rights of a single individual, the principle is there, and I don't think we need that now.

We can only hope that both sides of this Chamber will be prepared to support Senator Frith's motion, even if it does cause some embarrassment or further delay if Bill C-15 is amended and has to go back to the House of Commons.

I would have preferred, and I still prefer the force of law to this commitment by ministers Loiselle and Corbeil to include a clause in all leases for greater Montreal, New Brunswick and the National Capital Region. As Senator Frith said, there is no guarantee that future ministers or federal governments will perpetuate vested rights in terms of language of service and language of work.

Anyone who has taken a course in business law for a few months can tell you that the two signatories to a contract can, by common agreement, cancel any clause in that contract.

Even legislation does not give us any guarantee of perpetuity but, as you know, it is much harder to change legislation than to cancel a clause in a lease.

That is the reason for my preference.

I noted the contents of the letter from the Office of the Commissioner of Official Languages, and I think Mr. Goldbloom's spokesman was quite clear about the fact that his boss and his entire staff would have preferred the first alternative, in other words, keep the legislation as is.

• (1700)

What it means is that after all those years of hard work, as Senator Robichaud and others will testify, after 20 years of

fighting for recognition and implementation of the Official Languages Act, it is apparently quite simple to reverse the process and renege at least partly on the implementation of this legislation. Today, it is being done for the sake of a privatization scheme. There will probably be other occasions when the Official Languages Act will be diluted and weakened even further.

Therefore, we will have to be vigilant, we will have to continue to make people aware of what is happening with official languages which still carry a lot of support. Despite what some people are saying, the Official Languages Act has the support of 65 to 70 per cent of Canadians. I think it would have been better to maintain the full application of the Act in the National Capital Area, in the Montreal Metropolitan Area, in New Brunswick (the only officially bilingual province), in Ontario, and in some designated areas.

In politics you do not win all your battles! The main thing is to try your best. If there are slight improvements to this bill, fine, thank you very much.

Honourable senators, if Senator Frith's motion is rejected, I will have to abstain on the final vote.

Hon. Eymard G. Corbin: Honourable senators, I followed this bill since it came to the Senate. I am among those who were fairly vocal! I was accused, at times, of having a rather forceful language. I offer no apology for that, since we made a bit of progress.

I will be supporting the amendment of Senator Frith. I have known too many cases where rights, whether they were linguistic or based on ministerial promises, were not respected and still are not! Just imagine what the situation of French-speaking Manitobans would be if their rights had only been guaranteed by a ministerial letter! Would they have any rights today! I do not think so. It is legislation which protects them.

If, on the one hand, we subscribe to the general concept of official bilingualism in this country, it seems to me that a guarantee like the one offered by the minister is not acceptable. I am glad, however, he saw our point and I congratulate the Senate on drawing that to his attention, as it went unnoticed through the House of commons.

If we consider it worthwhile, I think we should take the next logical step, and build this protection into the legislation.

The Government Leader is worried about the delays in final approval if the Senate brings any amendment to this bill but I believe there is no reason for concern. If something is good per se in the Senate, if something is good for the unity of this nation, I feel that it will be well received by the members in the House of Commons.

I know it has become some kind of a game for the House to oppose any proposition made here in the Senate. On this fundamental question, I think we should set aside any partisanship. I am happy to see the minister went all the way to the content of his letter.

However, as I said, in my 23 years of political life on the Hill, I have seen too many promises made by ministers which disappeared with them when they left their department. According to me, whatever the quality of the person making the promise, when that person is gone there is no commitment, save for the good will of his successor.

I regret to have to emphasize this, but I remember that the minister that came to defend this bill before the Senate Committee was absolutely inflexible in spite of our arguments. If tomorrow that minister was to replace the minister that makes these promises today, where would we be, where would be those guarantees? There are no guarantees, unless they are included in the bill.

For that reason, I will support the amendment of Senator Frith.

Hon. L. Norbert Thériault: Honourable senators, I will not repeat the arguments that were made here and elsewhere in Committee, but they tell me very clearly to support the motion of Senator Frith, and more importantly to oppose the legislation in its present form.

Honourable senators, those who, like me and many others here, experienced the long struggle in New Brunswick and elsewhere to have the Official Languages Act complied with know that, in this field, progress was made only through the acts that were passed either by the provincial legislatures or by Parliament.

I sincerely want to congratulate my colleague, Senator Simard, for his stand, because like him I know that it is not always possible to take a stand that goes against a policy or a piece of legislation supported by one's party or government. Senator Simard has done that today, and he has often done it in the past as well, because what is involved here is the protection of the official languages.

Even if I am told that this bill is legally acceptable, I cannot help but think that many other bills and acts more often reflect a perception than what is actually written.

With this bill, I believe that the present government signals that it is ready to put aside the requirements of the Official Languages Act in Canada.

In New Brunswick where we Francophones account for roughly one-third of the population, we just had a provincial election last fall where people opposed to the principle of official languages had the chance to support a political party that formally opposes official languages.

• (1710)

The net result is that 80 percent of the population of New Brunswick voted against that party and in favour of the other three who supported the Official Languages Act. So I believe that reflects somewhat what New Brunswick has always thought of the Canadian policy on official languages.

Without saying once more what my colleagues Simard and Corbin have so well put, I wish to urge all senators, those of New Brunswick in particular who are mostly on the other side of the House, to do like senator Simard, and also to ask at least a few English-speaking senators who are on the Government side, to demonstrate once and for all that they also support the Official Languages Act.

Honorable Paul David: Honourable senators, I would like to join those who have already spoken to express how a Quebecer can feel about this difficult situation we are faced with.

I understand very well senator Frith's motion. I believe as a matter of fact that a certain protection should have been or should be provided for in the Act itself in order to preserve the Official Languages Act.

On another matter, in the province of Quebec, I know that serious negotiations have been going on for years, and more intensely these last six months, with Dorval and Mirabel airport authorities in order to establish a corporation combining both airports. Many boards of trade and important organizations have discussed this project, which will soon become reality and is in its last stages. We have had the minister's assurances that this clause, which affects Quebec less than New Brunswick, senators Simard, Corbin and Thériault, that this clause will be respected and included in the contract which is now going through its last stages of examination.

In the same vein, I believe that as francophones we should be sensitive to the difficulties which people can have in a province like New Brunswick. I believe that we should express to you what our feelings are for you every time we can.

So, I am torn between two feelings, one is to go ahead and reach an agreement as quickly as possible because there is a lot at stake economically for both airports, and the other is to provide guarantees for any lease you will have to sign in Moncton. For that reason, I believe that a sensible but sensitive analysis of these two feelings leads me to vote, in spite of objections that I understand very well, against Senator Frith's motion.

I hope to discover ways within the next few months to include in some amendment relating to this bill a provision quite similar to the one your are proposing.

Senator Thériault: Honourable senators, would Senator David allow me a question?

Senator David: No, I think I have expressed my opinion and I do not want to start a debate.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before the Speaker puts the question, I would like to take part in the debate. Having done so in committee, I would not want to repeat myself now. I would suggest, as Senator Frith has already indicated that there would be a vote, that we agree to have the bell ring only for fifteen minutes. Could our two whips agree to this?

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed by the two whips?

[*English*]

Senator Kelly: May I raise a question, honourable senators. Is that not something that would be considered after the vote has been called? The vote has not yet been called.

Senator Molgat: I realize that, but in this particular case Senator Frith has indicated that we will be calling a vote. I noticed last time that we wanted to have a short bell, and there was not the time. The bells were already ringing before we got the matter settled. That is one thing we must look at in the *Rules of the Senate*. I was trying to clear it so we would not be in a position that the bells would ring, and then it was too late.

Hon William M. Kelly: If we are dealing with the future in this fashion, honourable senators, once the vote is called it will be my intention to ask that it be deferred.

[*Translation*]

MOTION IN AMENDMENT

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Grimard, seconded by the Honourable Senator Lavoie-Roux, that this bill be read for the third time. In amendment, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Fairbairn, that clause 4 of the bill be deleted and replaced by the following:

> 4. Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date the *Official Languages Act* apply, with such modifications as the circumstances require, to the authority in relation to the airport as if the authority were a federal institution and the airport were an office or facility of that institution, other than its head or central office.

● (1720)

[*English*]

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

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "nays" have it.

Hon. William M. Kelly: Honourable senators, in accordance with rule 68(1), I request a deferral.

Hon. H.A. Olson: Until when? You did not say when.

Senator Kelly: Under the rules it would be at 5:30 tomorrow, or at the next sitting.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Has the whip looked at rule 68(3)?

Hon. Lowell Murray (Leader of the Government): We have, and we will consider it.

Senator Kelly: The answer to that is yes.

The Hon. the Speaker *pro tempore*: According to the rule, even on Thursday or Friday it must be taken at 5:30 in the afternoon.

Hon. John Lynch-Staunton (Deputy Leader of the Government): That is right.

The Hon. the Speaker *pro tempore:* Honourable senators, do you still want to defer the vote?

Senator Murray: Our attention has also been drawn to rule 68 (3). We will consider all these matters, but for the moment the vote is deferred until tomorrow at 5:30.

Hon. Eymard G. Corbin: Can we not know why the vote is being deferred? Is there any special reason?

Senator Olson: Because the whip does not have his numbers, that is why.

Senator Murray: Our party has a national caucus later today on other matters that my friend will know about.

Senator Corbin: You have a quorum.

Hon. Royce Frith (Leader of the Opposition): But it only takes 15 minutes. It is a 15-minute bell.

Senator Murray: Honourable senators, we have asked to have the vote deferred.

Senator Molgat: That is your right.

Senator Murray: We will consider the various dispositions and provisions of the rules in the meantime.

The Hon. the Speaker *pro tempore:* Honourable senators, according to the motion as I read it, the vote will be deferred until 5:30 tomorrow afternoon. Is it agreed?

Hon. Senators: Agreed.

BUSINESS OF THE SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I would ask that all other matters stand.

Hon. John B. Stewart: No. I have a motion that I want to have carried today.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, may I propose that all other matters stand except for Senator Stewart's motion.

The Hon. the Speaker *pro tempore:* Is that agreed, honourable senators?

Hon. Senators: Agreed.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart rose, pursuant to notice of Wednesday, February 19, 1992:

> That the Standing Senate Committee on Foreign Affairs have power to sit at 4:30 o'clock in the afternoon on Tuesday, March 3, 10 and 17, 1992, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

He said: Honourable senators, I move the motion for which I gave notice on February 19, 1992. I explained the purpose of the motion at page 938 of the Senate *Hansard*.

The effective purpose would be to allow the Standing Senate Committee on Foreign Affairs to meet on Tuesday, March 17, 1992, even though the Senate may then be sitting.

The motion makes provision also for March 3 and 10, but at the moment the committee has no intention to meet on those two dates.

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

Motion agreed to.

The Senate adjourned until tomorrow at 9 a.m..

APPENDIX "A"

(*See p. 974*)

SCRUTINY OF REGULATIONS

FOURTH REPORT OF COMMITTEE

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

FOURTH REPORT

(Report No. 49)

Pursuant to its permanent reference, section 19 of the *Statutory Instruments Act*, the Joint Committee wishes to draw the attention of the Houses to the *Central Registry of Divorce Proceedings Fee Order* (SOR/86-547, as amended). For the reasons explained in this Report, your Committee considers that this Order represents an unusual and unexpected use of the authority conferred on the Minister of Justice by the *Minister of Justice Authority to Prescribe Fees Order*.

The central registry of divorce proceedings ("the registry") was established by section 3 of the *Central Registry of Divorce Proceedings Regulations* in order to facilitate the administration of the *Divorce Act*. The Regulations establishing the registry require the registrar of any court in which divorce proceedings are commenced to record and transmit to the registry information concerning the identity of the parties to the proceedings. The registry will subsequently notify the court registrar of whether or not proceedings are pending between the same parties in any other court of competent jurisdiction. These procedures are designed to facilitate the application of section 3 of the *Divorce Act*, which sets out rules governing the jurisdiction of a court to hear and determine divorce proceedings when proceedings between the same spouses have been initiated in different courts.

Subsection 27(1) of the *Divorce Act* provides that the Governor in Council may authorize the Minister of Justice "to prescribe a fee to be paid by any person to whom a service is provided under this Act or the regulations". Acting pursuant to this authority, the Governor in Council adopted the *Minister of Justice Authority to Prescribe Fees Order*. Pursuant to this Order, the Minister of Justice in turn made the *Central Registry of Divorce Proceedings Fee Order* ("the Order"), which requires the payment of a $10 fee by any person who files an application for divorce in a court of competent jurisdiction and in respect of whom a service is provided by the registry. The "service" to the applicant consists of the filing of information in the registry and the subsequent notification to court registrars.

Your Committee notes here that while divorce applicants may arguably be characterized as "persons to whom a service is provided" by the registry[1], they are neither the most direct nor

---

[1] The Joint Committee believes that it could reasonably be argued that the services provided by the registry are not services provided to divorce applicants. The service provided by the registry is meant to assist the courts in determining their jurisdiction to hear divorce proceedings and on this basis, it could be said that the courts or court registrars are the recipients of the service provided. The difficulty of characterizing the applicant for divorce as a "person to whom a service is provided" was apparently perceived by the draftsman of the *Central Registry of Divorce Proceedings Fee Order*; it is significant that section 2 of the Order does not refer to the person who files an application for divorce as a "person to whom a service is provided" but as a "person in respect of whom a service is provided". Given that the legal authority of the Minister is confined to the prescription of fees payable by persons to whom a service is provided, this point could be relevant to the validity of the *Central Registry of Divorce Proceedings Fee Order*.

the only beneficiaries of registry services. In its 1985 Report to the Task Force on Program Review, the Study Team on the Justice System also identified family law practitioners, the courts, Government, and the general public as beneficiaries of those services. As will appear from the information set out in this Report, the burden of defraying the costs of operating the registry has nevertheless been placed entirely on applicants for divorce. Your Committee cannot but question the fairness of requiring only some users or beneficiaries of a service to pay a fee while others benefit from the service at no cost. It appears to your Committee that cost-recovery initiatives should be structured in such a way as to impose on beneficiaries of government services a fee that is in proportion to the benefits they receive.

While the amount of the fee prescribed by the Order is not unreasonable by itself, your Committee wanted to know whether the costs of providing registry services justified setting the fee at this amount. These further inquiries disclosed that the fee imposed by the *Central Registry of Divorce Proceedings Fee Order* has produced revenues that are considerably in excess of the costs incurred by the Government for the operation of the registry. The information made available to the Committee shows that over a period of five years, revenues from this fee have exceeded by some 66% the direct and indirect costs of operating the registry. The following table reproduces this information.

Fiscal Year	Direct and Indirect Costs	Revenues
1986-87	$315,000	$800,000
1987-88	$454,000	$642,380
1988-89	$349,588	$608,400
1989-90	$401,412	$691,470
1990-91	$618,351[2]	$816,250[3]

The table shows that over the five years for which information is available, the $10 fee imposed by the Order reported upon has generated excess revenues totalling almost one and one-half million dollars.

In enacting subsection 27(1) of the *Divorce Act*, Parliament contemplated that the Minister of Justice may be given authority to prescribe "a fee to be paid by any person to whom a service is provided under this Act or the regulations". In the judgement of members of your Committee, Parliament did not contemplate that the amount to be paid by a person to whom a service is provided would significantly exceed the costs of providing the service. As a general rule, the Joint Committee for the Scrutiny of Regulations considers that where Parliament authorizes a fee to be prescribed in respect of a service to be rendered by a public authority, it is an implicit term of the grant of this authority that the amount of the fee that is prescribed will bear a reasonable connexion to the costs of providing the service. Any instrument imposing a

---

[2] In 1990-91, the indirect costs of operating the registry increased by some 72% over the previous year. Despite many attempts, the Committee has been unable to obtain any satisfactory explanation for this increase from departmental officials.

[3] Includes a receivable amount of $124,780.

fee that contravenes this scrutiny principle will be reported to both Houses as amounting to an unusual and unexpected use of power. While the legality of such an instrument may also be open to question, the Joint Committee believes that in any such case, the offending instrument should be reported to the Houses under the Joint Committee's scrutiny criterion No. 11 ("unusual or unexpected use of the powers conferred by the enabling legislation") so as to emphasize the constitutional impropriety of the instrument. Your Committee considers that this approach is justified by the need to respect the important distinction between a fee and a tax.

It is a rule of our constitution that no moneys are to be levied for or to the use of the Crown except by grant of Parliament. Thus, while the imposition of either a fee or a tax requires legislative authorization, a tax is a compulsory payment imposed on the subject in order to raise revenues for a public purpose whereas a fee is a charge prescribed for the services of a public officer or for the grant or recognition of a privilege or right. Although Parliament will frequently empower the Governor in Council, a minister or some other delegate to prescribe a fee payable by those to whom a service is provided or a privilege or right is granted or recognized, it rarely delegates its authority to impose a tax. Indeed, there is a presumption against such a delegation of authority, and the courts have held that specific and unequivocal language is required before one can conclude that Parliament has delegated its authority to impose taxes. The right of Parliament to impose taxes is to be jealously guarded, and those charged with the parliamentary scrutiny of delegated legislation have a responsibility to be vigilant in ensuring that when Parliament delegates to the Executive the authority to prescribe a fee, that authority is not used to collect a tax. When, as in the case of the *Central Registry of Divorce Proceedings Fee Order,* the amount of a fee payable for services provided by public officers is fixed at a level that greatly exceeds the costs of providing those services, there is a blurring of the distinction between a fee and a tax. Your Committee considers that an exercise of the authority to prescribe a fee which has this result is improper as it intrudes on the exclusive constitutional right of members of Parliament to consent to the imposition of taxes.

A copy of the relevant *Minutes of Proceedings and Evidence* (Issue No. 8, Third Session, Thirty-fourth Parliament) is tabled in the House of Commons.

Respectfully submitted,

Senator Normand Grimard Derek Lee, M.P.

Joint Chairmen

APPENDIX "B"

(*See p. 974*)

FOREIGN AFFAIRS

FOURTH REPORT OF COMMITTEE

THURSDAY, February 27, 1992

The Standing Senate Committee on Foreign Affairs has the honour to present its

FOURTH REPORT

Your Committee, which was authorized by the Senate on Thursday, November 21, 1991, to consider the examination of negotiations for a North American free trade agreement among *Canada, the United States and Mexico* and any other related trade developments, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study and to adjourn from place to place within and outside Canada for the purpose of such examination.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JOHN B. STEWART
Chairman

APPENDIX (B) TO THE REPORT

THURSDAY, February 27, 1992

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Foreign Affairs for the proposed expenditures of the said Committee with respect to its examination on negotiations for a North American free trade agreement among Canada, the United States and Mexico and any other related trade developments, as authorized by the Senate on Thursday, November 21, 1991. The said budget is as follows:

Professional and Other Services	$43,860.00
Transportation and Communications	2,200.00
All Other Expenditures	1,500.00
Total	$47,560.00

Respectfully submitted,

Thérèse Lavoie-Roux
Chairman

APPENDIX "C"

(*See p. 974*)

BANKING, TRADE AND COMMERCE

ELEVENTH REPORT OF COMMITTEE

THURSDAY, February 27, 1992

The Standing Committee on Banking, Trade and Commerce has the honour to present its

ELEVENTH REPORT

Your Committee, which was authorized by the Senate on Tuesday, December 17, 1991, to conduct a special study on draft regulations pertaining to the new legislation reforming Canadian financial institutions, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

MICHAEL KIRBY
Vice-Chairman

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

Special study on the draft regulations
pertaining to the new legislation
on canadian financial institutions

APPLICATION FOR BUDGET AUTHORIZATION
FOR THE FISCAL YEAR ENDING MARCH 31' 1992

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate* of Tuesday, December 17, 1991:

"The Honourable Senator Poitras moved, seconded by the Honourable Senator Bolduc:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to conduct a special study on the draft regulations ensuing from the new legislation on Canadian financial institutions; and

That the Committee present its report no later than June 30, 1992.

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

Gordon L. Barnhart
Clerk of the Senate

SUMMARY OF EXPENDITURES	**Budget 1991-92**
. Professional & Special Services	$ 23,000
. Transportation and Communications	500
. All Other Expenditures	500
TOTAL:	$ 24,000

The above budget was approved by the Standing Senate Committee on Banking, Trade and Commerce on the 16th day of the month of December 1991.

The undersigned or an alternate will be in attendance on the date that this Budget is considered.

_____
Chairman, Standing Senate Committee
on Banking, Trade and Commerce

Date: _____

Remarks: _____

Approved by:

_____
Chairperson, Standing Senate
Committee on Internal Economy,
Budgets and Administration

Date: _____

EXPLANATION OF BUDGET ITEMS

		Rounded $
I. **Professional & Special Services**		
Legal adviser (code 0402) (35 days, $500 a day)		$ 17,500
Expert (code 0401)		4,000
Meals (code 0415)		1,500
	Sub-Total	$ 23,000
II. **Transportation and Communications**		
Courier Service (code 0213)		$ 500
	Sub-Total	$ 500
III. **All Other Expenditures**		
Miscellaneous (code 0799)		$ 500
	Sub-Total	$ 500
	Total Funds Requested	$ 24,000

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Senate Administration has reviewed this budget application.

_____ _____

Director of Committees & Private Legislation Date

_____ _____

Director of Finance Date

APPENDIX (B) TO THE REPORT

THURSDAY, February 27, 1992

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for the proposed expenditures of the said Committee with respect to its special study on the draft regulations ensuing from the new legislation on Canadian financial institutions, as authorized by the Senate on Tuesday, December 17, 1991. The said budget is as follows:

Professional and Other Services	$23,000.00
Transportation and Communications	500.00
All Other Expenditures	500.00
Total	$24,000.00

Respectfully submitted,

Thérèse Lavoie-Roux
Chairman

APPENDIX "D"

(*See p. 974*)

TRANSPORT AND COMMUNICATIONS

FIFTH REPORT OF COMMITTEE

Thursday, February 27, 1992

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

FIFTH REPORT

Your Committee, which was authorized by the Senate on Wednesday, December 11, 1991 to inquire into the decision of Canadian National Railways to sell the main railway line between Truro and Sydney, Nova Scotia, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study and to adjourn from place to place within and outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

Finlay MacDonald
Chairman

STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

INQUIRY INTO THE DECISION OF CN RAIL TO SELL THE MAIN RAILWAY LINE BETWEEN TRURO AND SYDNEY, NOVA SCOTIA

APPLICATION FOR BUDGET AUTHORIZATION FOR THE FISCAL YEAR ENDING MARCH 31, 1992

Extract from the *Minutes of the Proceedings of the Senate*, of Wednesday, December 11, 1991:

The Honourable Senator Graham moved, seconded by the Honourable Senator Olson, P.C.:

That the Standing Senate Committee on Transport and Communications be empowered to inquire into and report upon the decision of Canadian National Railways to sell the main railway line between Truro and Sydney, Nova Scotia; and

That the Committee present its Report no later than April 14, 1992.

After debate,
The question being put on the motion, it was adopted.

Gordon Barnhart
Clerk of the Senate

SUMMARY OF EXPENDITURES

PROFESSIONAL AND OTHER SERVICES	$	8,750
TRANSPORTATION AND COMMUNICATIONS	$	500
OTHER EXPENDITURES	$	750
TOTAL	**$**	**10,000**

The above budget was approved by the Standing Committee on Transport and Communications on

The undersigned or an alternate will be in attendance on the date that this budget is considered.

Date — Chairman, Standing Senate Committee on Transport and Communications

Date — Chairman, Standing Committee on Internal Economy, Budgets and Administration

STANDING COMMITTEE ON TRANSPORT AND COMMUNICATIONS
EXPLANATION OF BUDGET ITEMS

PROFESSIONAL AND OTHER SERVICES

1.	**Professional Services** (0401) Expert consultants:		
	a) Mr. W.M. Price Independent assessment of the condition of the railway lines between Truro and Sydney, Nova Scotia	$ 3,068.83	
	b) Mr. Rand H. Matheson Study on the proposed sale by CN of the former Intercolonial railway line between Truro and Sydney, Nova Scotia	$ 500.00	
	c) R.L. Banks & Associates	$ 2,750.00	
	d) to be determined	$ 931.17	
2.	**Hospitality - Committee** (0410)	$ 500.00	
3.	**Meals** (0415) Working lunches and dinners	$ 1,000.00	
		+	
		$ 8,750.00	**$ 8,750.00**

TRANSPORTATION AND COMMUNICATIONS

1.	**Telecommunications** (0223)	$ 250.00	
2.	**Postage Freight and Courier Service** (0213)	$ 250.00	
		+	
		$ 500.00	**$ 500.00**

ALL OTHER EXPENDITURES

1.	**Books, newspaper and periodicals** (0702)	$ 250.00	
2.	**Contingencies** (0799)	$ 500.00	
		+	**$ 750.00**
		$ 750.00	**$ 750.00**
			+
TOTAL			**$ 10,000**

The Senate administration has reviewed this budget application.

Director of Committees and Private Legislation

Date

Director of Finance

Date

APPENDIX (B) TO THE REPORT

THURSDAY, February 27, 1992

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Transport and Communications for the proposed expenditures of the said Committee with respect to its inquiry into the decision of Canadaian National Railways to sell the main railway line between Truro and Sydney, Nova Scotia, as authorized by the Senate on Wednesday, December 11, 1991. The said budget is as follows:

Professional and Other Services	$ 8,750.00
Transportation and Communications	500.00
All Other Expenditures	750.00
Total	$10,000.00

Respectfully submitted,

Thérèse Lavoie-Roux
Chairman

THE SENATE

Friday, February 28, 1992

The Senate met at 9 a.m., the Speaker in the Chair.

Prayers.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

THIRD READING—MOTION IN AMENDMENT—VOTE DEFERRED

Hon. William M. Kelly: Honourable senators, yesterday in accordance with rule 68(1) I deferred the vote on Bill C-15 until 5.30 today. I want to thank Senator Molgat and Senator Frith, who has always been a useful guide to me on how things should be done and how the rules read, for pointing out rule 68(3).

In accordance with rule 68(3) I would once again request a deferral of the vote until the next sitting day, which will be March 17, at 5.30 p.m.

Senator Haidasz: That is St. Patrick's Day. Surely we are not going to be here on St. Patrick's Day.

Senator Kelly: I certainly will on a day as fine as that, and I invite all senators to be with me.

Senator Frith: What better place to celebrate St. Patrick's Day.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith: Honourable senators, if Senator Murray's democracy-respecting government is the one that counts, its extinction is now 267 days away. However, if it is Senator Murray's cowardly and contemptuous-of-democracy government that Canadians must deal with, there will be 653 days to judgment day.

[*Translation*]

OLYMPIC WINTER GAMES XVI

CONGRATULATIONS TO MYRIAM BÉDARD

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, yesterday our colleague, Senator Lavoie-Roux, praised athletes and their coaches who represented Canada at the Olympic Games in Albertville, and that praise was well deserved.

Today, I would like to pay tribute to one specific athlete. I am referring to Myriam Bédard, the young woman who won the bronze in the biathlon. The reason I singled out this young woman in particular is that Senator Marshall and I often talked about army cadets in this chamber, and in fact, Miss Bédard did all her training for the biathlon with the Army Cadet League.

She initially enrolled in the cadet corps at Val-Cartier, where she soon excelled as a cadet. She took the special introductory course in Arctic living in Pangnirtung, NWT. She attended the camp in Banff, where only the best cadets from all over the country are sent. In addition to being part of this group, she was not only one of those selected, she was also selected as the best cadet at the camp, winning the cadet league's centennial medal.

My point is to demonstrate how important it is to maintain the funding for an organization that provides the ultimate in training for young people in this country, and to stress the tangible results of the work done by the cadet corps. I have nothing but praise for all those who participate or have participated on the military side and for all young people who belong to the Canadian cadet organization, and I again wish to congratulate Miss Bédard on her success.

[*English*]

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. Michael Kirby: Honourable senators, I give notice that on Tuesday, March 17, 1992, I will move:

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

PRIVILEGES, STANDING RULES AND ORDERS

MOTION TO AUTHORIZE COMMITTEE TO CONSIDER PROPRIETY AND CONSTITUTIONALITY OF AMENDMENTS TO RULES OF THE SENATE

Hon. Stanley Haidasz, pursuant to notice of February 27, 1992, moved:

> That the Standing Committee on Privileges, Standing Rules and Orders be authorized to consider the propriety and constitutionality of the changes and amendments to the *Rules of the Senate*, adopted by the Senate on June 18, 1991; and
>
> That the committee report no later than June 11, 1992.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 517 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Hamilton, Brantford, Stoney Creek and Mississauga.

I also have the honour to present petitions signed by 504 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Cornwall, Alexandria, Scarborough, Owen Sound and Cambridge.

I also have the honour to present petitions signed by 500 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Mississauga and Oakville.

I also have the honour to present petitions signed by 500 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Sault Ste. Marie, Timmins, Kirkland Lake and Kapuskasing.

I also have the honour to present petitions signed by 500 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Mississauga, Oakville and Brantford.

I also have the honour to present petitions signed by 650 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Scarborough, Mississauga, Toronto, Ottawa, Welland and Guelph.

If I am not mistaken, the grand total is 3,171 petitioners who denounce the GST to a government that still refuses to listen to them.

● (0910)

[*English*]

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government):

Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 17th March, 1992, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[Senator Haidasz.]

THE BUDGET, 1992

RELATIONSHIP TO PAST BUDGETS—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have two items to deal with. The first is just to clarify a little *contretemps* that the Leader of the Government and I had about the previous budget. He quarrelled with some figures that I presented when questioning him in anticipation of Mr. Mazankowski's promised "realistic" budget.

Further to that, I want to clarify, because we have not had an answer to that question yet, that one of our disagreements was about Mr. Wilson's forecast in his last budget. Senator Murray expressed some scepticism about my numbers, so I want to clarify for him, when proceeding to get an answer to the question, that the figure is, as I stated, on page 94 of Mr. Wilson's budget of February 26, 1991. The forecast was, in fact, a deficit of $24 billion for 92-93, and $16.6 billion next year. So that is just a clarification.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have the *Hansard* for the other day in front of me, but my honourable friend was speaking of this year and next year. This year is the fiscal year 1991-92 and next year is fiscal year 1992-93.

Senator Frith: I do not think that changes anything, because the difference that we had was over this budget forecast, and the burden of my question was that the forecasts had consistently been wrong. I picked that particular one as one example of a forecast that was wrong, and significantly wrong. The document I was referring to is the February 26, 1991, budget and the reference is on page 94.

NATIONAL HEALTH AND WELFARE

SOCIAL PROGRAMS—HISTORY OF DAYCARE LEGISLATION

Hon. Royce Frith (Leader of the Opposition): I want to ask the Leader of the Government about the government's daycare policy, and I have to make a short preamble to put it in context, because the question has to have a historical context to be sensible.

I go back to eight years ago, during the 1984 election campaign, when Mr. Mulroney referred to existing social programs as "sacred trusts". He considered future initiatives in the social sector and said the following about daycare—the quotation is from the *London Free Press*, August 11, 1984:

> No longer can childcare be considered a luxury of the rich or a support program of the poor. It is an urgent problem for thousands of single parent families and a major concern in every family where both parents work. Urgency here is of paramount concern.

So eight years ago the matter was urgent.

Then in the fall of 1988, during what seemed to be a manoeuvre to kill his own daycare legislation, the Prime Minister again expressed concern:

> We do not want Canadian women to go to work worried about their children and their children's wellbeing.

That quotation is from the *Globe and Mail*, September 22, 1988.

Then when the Senate took the extraordinary step of referring its daycare bill to a committee—or I guess he thought it was extraordinary—it was characterized by the Prime Minister as obstruction. The fact that we waived our rules and referred the bill to committee the day following first reading apparently was of no consolation to the Prime Minister who was worried about the women and children of Canada. "What the Senate has done is already obstructive", he declared. "Working women need these spaces tomorrow", he said.

In one of the most exquisite examples in recent political history of crocodile tears, Mr. Mulroney pined over the fact that working women in Canada were "suffering substantially" because of the Senate's actions. That was said in a radio interview on September 28, 1988.

What has changed? Are Canadian women no longer "suffering substantially"? Has their situation so improved since 1988 that daycare legislation is no longer needed from this government?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we have had to set priorities and we have set them by putting another $2.1 billion into child benefits over the next five years. We have also proposed a new and more efficient way of delivering those benefits. I intend to draw attention to that aspect of the budget when I speak later today in opening debate on the inquiry, which I put on the Order Paper the other day.

It should be pointed out that the federal government already spends about $1 billion annually on child care under the Canada Assistance Plan through tax assistance and training allowances. The honourable senator will also be aware that in the budget we have increased by $1,000 per child the child care expenses tax deduction.

In answer to the honourable senator's question about the federal-provincial or national child care program, in setting our immediate priorities, as we have had to do, we do not plan at this time to introduce a new program of federally-provided child daycare spaces.

Senator Frith: Honourable senators, having waited since 1984, I suppose we can wait till later today, and even the women of Canada will perhaps be prepared to wait till later today for the explanation of why they do not have daycare legislation.

THE ECONOMY

EFFECT ON EMPLOYMENT—GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable senators, several times in this place I have brought to the attention of the Leader of the Government in the Senate the record numbers of bankruptcies and closings of factories with many of the plants moving down south, and causing unemployment to 1.5 million people in this country. Every day we hear bad news.

I was shocked, as I am sure other honourable senators were, to learn late last night that General Motors of Canada is laying off, "temporarily", 7,300 workers in Oshawa, and that in Oakville, Ford is laying off, "temporarily", 2,000 workers. That is a total of 9,300 workers from the Toronto area.

Can the Leader of the Government in the Senate tell us when the government intends to do something to kick our economy into motion so that these people can again be employed and an end put to these daily layoffs and closings of plants which are driving many people into hardship?

• (0920)

Can the Leader of the Government in the Senate tell us what is wrong? Does he lack advisors? Does the government lack initiative or ideas to put these people back to work and to stop the hardship?

Hon. Lowell Murray (Leader of the Government): The honourable senator refers to layoffs in the automotive industry in Canada. He will surely be aware that these are part of a very substantial downsizing and layoffs that are taking place in the automotive industry throughout North America. The announcement that General Motors has made concerning Canada was part of an announcement that was of much greater impact in their United States plants. Therefore the honourable senator should not try to infer that the problems in the automotive industry are unique to Canada.

Having said that, so far as government policy is concerned, we will have an opportunity, beginning today, to debate the budgetary address of Mr. Mazankowski. Without anticipating that debate, I simply wish to remind Senator Haidasz and other honourable senators that the budget forecasts the creation of half a million new jobs in this country between now and the end of 1993, and one and a half million to 1997. Further than that, the honourable senator will be aware, as I have reminded the house on several occasions, that virtually all of the private sector forecasts, both nationally and internationally, are to the effect that Canada will lead the industrialized world in economic growth this year and in employment growth over the medium term.

Senator Haidasz: Honourable senators, the people of Canada have been hearing about the forecasts of the government for the past 12 months, and the economy, instead of getting better, is getting worse, with more unemployed and more hardship in this country.

Does the Leader of the Government in the Senate believe that the people trust the government, believe in the government, and believe that the government's forecasts will come true in the future?

Senator Murray: Honourable senators, again, the record in terms of government forecasts and in terms of economic growth and employment has been very good.

Senator Haidasz: My God!

Hon. Royce Frith (Leader of the Opposition): You should save some superlatives.

Senator Murray: Those forecasts have turned out to be remarkably accurate, as the honourable senator will see from consulting the relevant tables in the budget documents.

Senator Haidasz: The only way your forecasts have become accurate is that the economy is getting worse and people are being laid off.

Senator Thériault: More bankruptcies.

Senator Haidasz: How can the minister tell us that things are getting better when they are getting worse?

Senator Frith: They are not getting better; they are very, very good. That is the quote I heard.

Senator Murray: The honourable senator raised this matter the other day and indicated that the statistics that I have placed on the record from Statistics Canada, a source which surely he respects, are wrong. I invited the honourable senator on that day to bring in the documentation that perhaps he has in his possession which will prove that Statistics Canada statistics are wrong. I am still waiting.

AGRICULTURE

FEDERAL SUPPORT FOR GRAINS SECTOR—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, I want to ask the Leader of the Government when the farmers in Canada, particularly the grain and oilseed producers, can expect the $700 million out of the $800 million that the government promised last fall? The Leader of the Government will recall that I asked him a number of questions over a long period of time—about two weeks—before he finally said—and he did—that it is new money, in addition to all other commitments, and that it will be paid before seeding in 1992.

I want to remind the Leader of the Government that the temperature in Calgary went up to plus 22 yesterday, and it will probably be up there today.

Senator Frith: 22?

Senator Olson: Yes, so spring is at hand.

Senator Frith: Celsius?

Senator Olson: Yes, Celsius.

Senator Frith: Bathing suit weather.

Senator Molgat: They were out in the sun.

Senator Olson: It was to break that record again today.

• (0930)

We are getting pretty close to spring. That is the point. Could you give us an update concerning whether or not that money will be paid out to the producers. What is probably more important, because they still do not know what formula you will use to distribute it, could you give us an indication of what that is?

Hon. Lowell Murray (Leader of the Government): I will ask for that update from my colleague.

[Senator Frith.]

Senator Olson: The problem with asking for it is that we will not sit again until March 17. By that time it will not be entirely before seeding. There might be some of it done by then.

Senator Murray: On March 17 spring certainly will be at hand.

NATIONAL FINANCE

GOVERNMENT REQUIREMENTS—PROGRESS OF BORROWING AUTHORITY LEGISLATION

Hon. John B. Stewart: Honourable senators, before we go on to the next item I should like to ask the Leader of the Government in the Senate if the government is now borrowing money under section 46 of the *Financial Administration Act*.

My second question is: Is there any urgency in the enactment of the Borrowing Authority Bill which is now before Parliament?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to ask my colleague, the Minister of Finance, for a statement as to the present borrowing activity of the government. I must confess that I do not know the answer to that question.

I am trying to recall what I was told about the borrowing bill which Mr. Mazankowski tabled the other day. Subject to correction, I believe I have been told that the government needs to have it passed by the end of the third week in March or certainly by the end of the fiscal year.

Senator Stewart: So it follows that the government's financial requirements are such that there is no need for the House of Commons to deal with the bill next week and there is no need for the Senate to convene again before March 17?

Senator Murray: Not as far as I am aware of, honourable senators. The information which I believe I saw the other day would confirm that.

GENERAL AGREEMENT ON TARIFFS AND TRADE

PROTECTION OF ARTICLE IX—APPARENT AMBIVALENCE IN GOVERNMENT ACTIVITY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question to the minister arises from an article in the *Globe and Mail*. It is written by Madelaine Drohan, European bureau in Paris. The headline is "Politics gets in the way at GATT." It goes on to describe—

Hon. Duff Roblin: Is something new? Is that a new thought?

Senator Molgat: Yes it is a new one, but it seems to have some strange convolutions. That is why I should like some clarification.

The article goes on to say that French President François Mitterand is being painted as the villain because he does not want to go along with changes to the GATT. But the portion that drew my attention is this one:

> The decrease in pressure from the United States for a GATT agreement lets German Chancellor Kohl off the hook.

And then it goes on to say:

> He was being prevailed upon by Mr. Bush and Mr. Mulroney to intercede with Mr. Mitterand.

Reading that I conclude that Mr. Mulroney, along with Mr. Bush, is pushing Mr. Mitterand to go along with the GATT agreement. Yet we are hearing from the government side that Mr. Mulroney and Mr. McKnight do not want to go along with the GATT agreement unless there is protection for Article XI. Is Mr. Mulroney pushing, along with Mr. Bush, for the present GATT agreement?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Prime Minister's activity on this front has been in the way of repeated conversations with other western leaders, including Chancellor Kohl, President Mitterand, Prime Minister Major, President Bush, Jacques Delors of the European Community, and others, with a view to promoting the Canadian position on Article XI, which is to obtain, if possible, its strengthening and clarification in a new GATT multinational trade agreement.

Senator Molgat: But it seems strange to me that on the one hand we hear from the government that they are pushing for Article XI to be protected and yet here we are told that Mr. Mulroney is pushing Mr. Kohl to push Mr. Mitterand to proceed with the agreement as is. That is incorrect, is it?

Senator Murray: Of course it is incorrect. We have not even placed—nor have other countries—our new offers on the table, as participating nations are required to do beginning March 1, 1992. We want to have Article XI strengthened and clarified. Our objective is to have a supply management system in this country. Everyone knows that.

Having said all that, let me make it clear that, in the view of the government, Canada has an enormous stake in the successful conclusion of these multilateral trade negotiations. We are a country that exports 25 per cent of our gross national product. We live on trade. The prospects of a failure of this round are very serious for the international economy and, consequently, for us as Canadians.

Senator Molgat: I thank the minister for his answer because he has dealt with a further question that I was going to ask him. Mr. McKnight is quoted in another article as saying:

> at this time, the situation in Geneva remains fluid. Canada will table a credible offer.

The minister has now told me that that offer will be tabled on the March 1, 1992. My next question is: Will we have copies of that offer? When can we expect to know precisely the offer of Canada?

Senator Murray: I think not, honourable senators. I think these documents are put forward for the purpose of negotiations. Neither this country nor other countries are in the habit of making those negotiating positions public. We have outlined in a sufficiently clear way the mandate that our negotiators have at the table in Geneva. We have also indicated the principle differences that we have with the draft text tabled in late December by Mr. Arthur Dunkel.

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

PROGRESS OF REPORT

Hon. Royce Frith (Leader of the Opposition): May I ask the Leader of the Government in the Senate if we can expect the report of the Joint Committee on the Renewal of Canada by noon today?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I cannot authoritatively answer that question. I made inquiries of one of our friends who was a member of the committee this morning. I was told by him that even if the committee reached an agreement there were printing difficulties and other similar difficulties that might stand in the way of a tabling in Parliament by noon today. Therefore they had to contemplate the possibility of having the report tabled with the clerks of the House of Commons and the Senate by the clerks of the committee.

However, since that time another member of the committee has offered a more up-to-date and certainly more optimistic forecast. I hope that Senator Beaudoin, who is one of the chairmen of the joint committee, might come here in the course of the morning and let us know what we may expect. I shall send a message to him to see if that will be possible.

• (0940)

Senator Frith: Honourable senators, I am sure my colleague, the deputy leader on this side, will agree that we are prepared to give leave at any time for bulletins.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1991

THIRD READING

Honourable Senator Nurgitz moved the third reading of Bill C-35, An Act to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature therein and to repeal certain provisions thereof that have expired or lapsed or otherwise ceased to have effect.

Motion agreed to and bill read third time and passed.

CANADA PENSION PLAN

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton, moved the third reading of Bill C-57, to amend the Canada Pension Plan.

Motion agreed to and bill read third time and passed.

CANADA ASSISTANCE PLAN

SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Doyle, for the second reading of Bill C-32, An Act to amend the Canada Assistance Plan.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the government would love Canadians to believe that the legislation before us, Bill C-32, is "Robin Hood" legislation, a measure to take money from the great rich provinces of Ontario, Alberta, and British Columbia and give it to the poor little Minister of Finance. That is what the government would love Canadians to believe. The reality is that the legislation before us today is a reverse Robin Hood measure; it is taking from the poor of the country. The government is moving to restrict the money available for the poorest of poor Canadians, the weakest of the weak, the most disadvantaged of the disadvantaged. The government is moving to take money from children living in poverty. The government is moving to end the recession by taking money from the victims of the recession. That is the reality.

The Minister of Finance makes it all sound very harmless when he talks about capping a cost-shared federal-provincial program. It all sounds like some innocent and necessary paper transaction, but it is not a simple paper transaction. The legislation will exact a cruel cost. Programs essential to allow all Canadians a modicom of dignity will be cut back. This government, which has attacked old age pensions, attacked family allowance payments, attacked unemployment insurance, attacked post-secondary education transfers, attacked medicare transfers, is now furthering the attack—

Senator Bosa: Housing.

Senator Frith: Yes. My colleague, Senator Bosa, adds housing to the infamous list.

—is furthering the attack on basic welfare programs. What is more, it is attacking at a time when our country is in a recession and when basic welfare services are most essential.

Before senators vote to support this legislation I urge them to consider exactly what the money from the Canada Assistance Plan is used for. It is used to provide social assistance to persons in need and welfare to persons in need. The Canada Assistance Plan provides money—this is what we are voting on: limiting a plan that provides money—for food, shelter, clothing and fuel for Canadians who otherwise would not have those commodities.

The Canada Assistance Plan provides items for the safety, well-being and rehabilitation of people in need. It provides wheelchairs and transportation for disabled Canadians. It is not, as I say, a simple paper transaction. The Canada Assistance Plan—continuing with what it is we are voting to limit today—is a plan that provides money for hostels for battered women and children. It provides money for homes for the aged. CAP provides money for foster homes and home support for families in emergency situations. It provides money for the protection of abused children and adoption services. That is what we are voting to limit. Those are the people who will be deprived when we stand up, if we do, and vote for this bill.

[Senator Lynch-Staunton.]

The Canada Assistance Plan is the source of federal aid for life skills training for the chronically unemployed and the source of federal money for the special needs of people at risk of being socially isolated, with particular emphasis on the physically and mentally disabled. That is not all. The Canada Assistance Plan provides money for counselling, case work, assessment and referral to help avoid family breakdown and subsequent long term dependence on public assistance. Through CAP the federal government provides money for critically needed dental, optical and nursing care for the poor.

[*Translation*]

Honourable senators, these are the services supported by the Canada Assistance Plan which will be cut back if this bill is passed.

International trade and macro-economic policy are not at issue here; rather it involves a program that supports the jobless, the elderly and the poor.

• (0950)

[*English*]

We are having a debate about whether or not Canadians have the right to be able to eat and have a bed at night. We are not talking about some bookkeeping transfer.

It is interesting to note that Senator Kelly, who spoke to the bill on February 18, could not bring himself to discuss the effects of Bill C-32 on these programs. Senator Kelly says that the bill is "relatively simple and straightforward"—all very simple and straightforward, perhaps, for the government; even simple and straightforward as a legislative act for us. But with what consequences? He sees it as simple and straightforward. He and the government he supports keep a lofty and safe distance from the people affected in order to see this legislation as a simple and straightforward paper transaction and not as it is, namely, a measure which will affect all Canadians who rely on social assistance simply to survive another day.

This bill will affect all Canadians who rely on the programs and services that are supported by the Canada Assistance Plan, only some of which I have just detailed.

I have an uneasy feeling that this government identifies with those in our society, privileged as they are, who see all government assistance as really "the dole". I do not believe that most Canadians feel that way. I think Canadians are proud of our country's social programs and want them maintained. I think Canadians believe very deeply, individually and personally in Medicare, old age pensions, family benefits, educational funding and unemployment insurance.

Those policies, built up by successive Liberal governments, are part of the framework of this country; they are part of the fabric of this country. We have seen that framework dismantled gradually by this government and that fabric unravelled.

I fear that too many Conservatives forget the history of the Canada Assistance Plan and need to be reminded of the words of our colleague, Senator MacEachen. On April 4, 1966, he introduced Bill C-207 and as the then minister of National Health and Welfare, he rose in his place in the House of Commons, and this is reported at page 6360 of the *House of*

Commons Debates of February 4, 1992. This is a quote from a quote and it states:

> It is expedient to introduce a measure to be known as the Canada Assistance Plan to establish a program for sharing with the provinces in the cost of assistance, including health care and welfare services provided to or in respect of persons in need, including mothers and children, older persons, disabled persons and unemployed persons who are in need, and in the cost of developing and improving assistance in welfare services programs, including child and youth welfare programs throughout Canada.

The legislation introduced many years ago by our distinguished colleague, Senator MacEachen, provided assistance for the first time from the federal government for care in homes for the aged, facilities for child care and transition houses for battered women. Certain uninsured health care costs such as drugs and dental services were also funded. Until the current government came along, the federal government was proud to contribute 50 per cent of the costs incurred by the provinces and municipalities in providing such services.

In the 1990 budget, the Conservative government announced that annual growth in CAP transfers was to be limited to 5 per cent for Ontario, Alberta and British Columbia in the fiscal years 1990-91 and 1991-92. The 1991 budget extended this ceiling through to the fiscal year 1994-95. We are now being asked to legislate this freeze through the passage of Bill C-32.

The government, honourable senators, has tried to justify this legislation by claiming that fiscal restraint must be exercised in order to reduce the national debt and the federal deficit. This government, which has spent $1 trillion since it came to power, now wants to exercise restraint at the expense of the abjectly poor and at a time of recession when all the conditions of poverty are exacerbated. Think about it: The government has spent $1 trillion—that is 1 followed by 12 zeros—and now wants people who get by on $5,000 or $6,000 a year to cut back. Hypocrisy. Unfortunately, it is not uncharacteristic of this government, but condemnable nevertheless.

The government caused the recession which has resulted in massive unemployment. The same government changed the unemployment insurance rules to throw people on to the provincial welfare rolls. The same government has failed to provide the necessary economic stimulus to help people get off the welfare rolls. Now this very same Conservative federal government, which has forced Canadians in record numbers on to welfare, is limiting the funds available for welfare. It herds them all into the welfare compound and then starts withdrawing the benefits of that welfare.

These are depressing policies in theory and tragic and depressing in application. According to the federal government's estimates the three affected provinces, Alberta, British Columbia and Ontario, will lose $2.135 billion in federal transfers by the fiscal year 1995-96. The three provinces' own estimates are significantly higher. Ontario predicts the legislation will cost the province $1 billion this year alone and that is—I would again remind honourable senators—Canada Assistance Plan money so that means $1 billion less for the homeless and the hungry.

[*Translation*]

I wonder if this government even realizes that a million children live in poverty in Canada. I wonder if this government realizes that last year 700,000 children had to go to food banks. Does this government realize that the number of Canadian children living in poverty has increased by 150,000 in the last two years? Does this government realize that 2,200,000 Canadians receive welfare: 917,000 in Ontario, 244,000 in British Columbia and 156,000 in Alberta?

● (1000)

[*English*]

We know that the government claims this measure is affecting only the wealthiest provinces, but that is more smoke and mirrors. The fact is that B.C., Alberta, and Ontario are home to 46 per cent of the poor families in Canada and 54 per cent of all welfare recipients. Is the government trying to make us believe that most poor people live in these provinces but those same poor people in these three affected provinces are somehow less poor than the people in the other provinces? Does the government really believe that poverty travels over the country, looks down and does not cross certain borders?

Are there not enough people in abject circumstances for the government? Are the lines at the food banks not long enough? Are the waiting lists for shelters not long enough? Are the clinics for the abused and the abandoned not busy enough?

Honourable senators, we must think about what the government is doing. They want us to limit CAP transfers to Ontario to 5 per cent at a time when the number of people on social assistance in Ontario has increased by over 50 per cent in one year.

In Lanark County, where both Senator Murray and I have residences, there has been a staggering increase in welfare cases. This is a very small county, population-wise. Last December, there were 1,276 people receiving social assistance. The increase was 39 per cent over the previous years. Lanark County is in Ontario.

Ontario is in serious crisis. It is not the stereotyped "fat cat". The unemployment rate for the province is 9.7 per cent. I am talking about people now, not economic percentage points. There are 504,000 unemployed in Ontario. How can the government possibly justify this bill at this time? How can it envisage that the people of Ontario can afford this cutback? There is a crying need for support from the federal government at this time, not withdrawal of support. This government is not only ignoring that need, it is laughing at it.

Bill C-32 will leave many people hanging. The provinces affected by this legislation will not be able to keep up their level of services, and the government knows that. The people who will suffer are the people on social assistance and the ones standing in line for a meal at the soup kitchen and a space at

the shelter for the homeless, not the people in the bureaucracies that are doing the arithmetic.

The question honourable senators must ask themselves is: Are there any Canadians who support this bill? Things are very, very good, we heard today from the Leader of the Government. They actually think things are very, very good. So who supports Bill C-32? Well, the Minister of Finance introduced the bill last September 18. Honourable senators must know, however, that the Minister of Finance cannot really support this bill, even though he introduced it, because the Minister of Finance is loyal to the Prime Minister and the Prime Minister pledged at the United Nations Children's Summit that Canada would take extraordinary steps to lift children out of poverty.

We have seen what the results of this bill will be on children who are in poverty. This legislation flies in the face of a solemn commitment made by the Prime Minister at the United Nations. Looking through the list of Canadians for people who might support this bill, surely the Minister of Finance cannot belong to that group because, being loyal to the Prime Minister, he would not support legislation that flies in the face of that solemn commitment made by the Prime Minister.

I know some honourable senators may believe that the Minister of Finance is so busy in his capacity as Deputy Prime Minister that he may not follow all of the Prime Minister's international addresses and solemn pledges. God knows there have been lots of them. There is no doubt, however, that the Minister of Finance heard the words crafted by the Prime Minister for the 1991 Speech from the Throne. I saw the Prime Minister and the Minister of Finance sit in this very chamber when the Speech from the Thrown was read. What did it say? Here it is:

> Our children are the most important yet most vulnerable members of our society.

We now understand what the effect of this legislation before us will have on those children, particularly poor ones.

> Last September, at the Children's Summit in New York, the attention of people everywhere was focused on children at risk. Seventy-one leaders pledged that that moment would last a decade.

This is the Governor General speaking on behalf of Mr. Mulroney's government.

> My government will bring forward a plan to implement the commitments it made that day; the objective is to see Canadian girls and boys better educated—

We know the effect that it will have on their education.

> —better protected—

We know the effect that it will have on their protection.

> —and better nurtured—

We know the effect it will have on their nourishment.

> —so that they can make their own contributions to Canada's future.

Can it be possible that, at the time of the Speech from the Throne, those words could have been uttered so cynically that the government knew that they were about to come along with this iniquitous legislation that we have before us now? I think perhaps it is possible that they were that cynical.

Does the National Anti-Poverty Organization support this bill? Well, here is what that organization had to say:

> People on welfare are already struggling to survive on inadequate benefits.

The league I am speaking of is referring to this particular bill.

> This bill reduces their chances of seeing welfare rates rise to cover real living costs. It also makes it more likely that the provinces will try to put restrictions on the number of people who can get welfare, the length of time they can receive benefits, and the type of benefits they receive.

If I may interject: Yes. What other consequence can this bill produce?

• (1010)

> It means there is less chance that provinces will find long-term solutions to give people the opportunity to get decent-paying jobs. Instead, the provinces will probably continue to pressure people on welfare to take low-paying jobs without child care and other supports—jobs that leave these people in poverty.

I know that I have described the sad situation in Ontario in detail to some honourable senators. They may feel the situation is different in British Columbia, and that perhaps this bill is supported in that province. Well, listen to the words of the Social Planning and Research Council of British Columbia on appearing before the House of Commons Standing Committee on Finance. This is from issue number 21.

> When the forerunner to Bill C-20 and Bill C-32, Bill C-69, was first introduced it assumed that the caseloads in the three provinces would either decrease with improving economic activity or, at worst, remain stable.—

What do we hear from the experts here?

> I think we are all becoming aware now that this is just not the case.

The Social Planning and Research Council of B.C. said that with increasing caseloads, due in part to changes in unemployment insurance—we know where that came from—and more importantly to poor economic performance, the freeze on CAP will prevent British Columbia from keeping up with the escalating demands. Some British Columbians in need will simply have to go without. So the Social Planning and Research Council of B.C. does not support the bill.

Another group to appear before the House of Commons Committee was the Canadian Labour Congress. Did they support the bill? To quote again from the committee's reports, and this is from issue number 24, they said:

> . . . the social safety net has been compromised in Bill C-32 through the continued ceiling on the Canada Assistance Plan for the provinces of British Columbia, Alberta and Ontario. Taken together, these measures constitute a

> significant withdrawal by the federal government from the provision of social programs, programs that are essential to the well-being of all Canadians.

CLC, therefore, does not support the bill.

What about the National Action Committee on the Status of Women? In her statement to the Standing Committee, Janet Maher, Co-chairman of NAC's 52% Campaign, as it was called, said:

> I think we need to take care, in trying to solve problems such as deficit reduction, that we don't leave the country in a worse position that we started with, and that is the main reason why we want to ask the standing committee to reconsider its support for both Bill C-20 and Bill C-32.

And what did the Canadian Union of Public Workers have to say? Judy Darcy, national president, told the committee in the same issue:

> By extending the 5% cap on transfer payments to Ontario, Alberta, and B.C., you will be hurting children disproportionately, and we would ask you to please keep an obvious point in mind: it hurts just as much to be poor and hungry in a rich province as it does in a poor province.

Senator Molgat: The way this government is going, they will all be poor.

Senator Frith: Furthermore, Ms Darcy urged the introduction of legislation to reinstate the funding formula for CAP which existed prior to 1990.

I know that the views of labour and social policy activist groups are not at the top of the government's influence list, but perhaps the country will pay attention to our nurses.

The government must know that the Canadian Nurses Association had specific concerns about Bill C-32. Canada's nurses are worried about the trickle effect. They are worried that Ontario, Alberta and British Columbia will have to channel more dollars towards social assistance, and this will restrict their ability to direct funds elsewhere. This, in turn, will heighten the pressure where? Of course, on the health care system in those three provinces.

That, of course, echoes the same point made by Dennis Timbrell, long-term Ontario cabinet minister and now head of the Ontario Hospital Association, who has repeatedly pointed out that the budget problems facing Ontario will result in hospital closure.

Senator Gigantès: You find this funny? You really do? They are laughing.

Senator Frith: I know. I said they were laughing. But earlier I made the point that the government is laughing, and I am trying to list the people they are laughing at.

It will result, Mr. Timbrell says, in hospital closures and longer emergency room line-ups. That is one line-up that does not make the distinction between the wealthy, the privileged and the poor.

So while we are laughing, just remember that anyone can find themselves in a long emergency line-up, and the lines will be lenthened by the domino effect of this legislation.

The list of opponents to the bill grows longer. Nurses do not support this bill. A prominent Conservative I just quoted does not support the bill. What about the country's academics?

Alan Moscovich, Professor of Social Administration at Carleton University, pointed out that Bill C-32 has great implications for federalism, as we know it. He stated again to that House of Commons committee, which has turned out to be a rich vein in a mine on the effects of this legislation, in issue number 25:

> [CAP] remains a key component of federalism as we understand it in Canada and as it has been established over a 50-year period.
>
> In my view, this key component of federalism should not be changed without a very wide public debate and without the necessary discussion directly between the federal government and the provinces on the redefinition of federalism. It should not be changed through program limits and funding limits which have the effect of shifting the balance of joint and equal responsibility towards a greater responsibility to the provinces.

We notice that the principle, the principle of asymmetry in federalism, is expressed in this bill because it singles out particular provinces that will not continue to benefit from what was introduced as a truly federal policy applying to all provinces.

So the search continues for supporters of this legislation. Do senior citizens who have spent a lifetime building this country and assigning to taxation large portions of their income to build up this kind of program, do they support the bill? The Council of Senior Citizens of British Columbia were plain and effective when they spoke to the Standing Committee, and again I am quoting from issue number 24:

> We want Bill C-69 killed and Bill C-20 and Bill C-32 defeated, and the restoration of those moneys that have already been chiselled away in the last few years. The provinces need that money.

Here we have the metaphor not of dismantling but of chiselling away at these programs which, of course, is what the government has done. This is just one further example of it.

Because the government rushed Bill C-32 through the House of Commons with such haste, I know that not everyone or every group with a view to express had a chance to be heard. So there may have been some people who supported this legislation. If so, they did not show in the committee's reports. I know that many organizations which were heard on this bill's predecessor, C-69, were not afforded the opportunity to be heard again, and those of which I am speaking were not supporting it. Perhaps some groups spoke in favour of this limitation on the Canada Assistance Plan at earlier parliamentary hearings. If that is so, I have been unable to find a record of it, but in searching the record I have found more groups who are 100 per cent opposed to a limitation on CAP.

• (1020)

To whom does the government listen? Continuing the search of those interested, as I did, I found that the government does not listen to the John Howard Society, nor to the Canadian Child Welfare Association, nor to the Canadian Association of Social Workers, nor to the Canadian Teachers' Federation, nor to the Assembly of First Nations, nor to the Social Planning Councils of Metropolitan Toronto, Ottawa-Carleton, St. Catharines and Thorold, Hamilton, Peel or Richmond Hill, nor to the National Pensioners and Senior Citizens Federation, nor to the Canadian Federation of Students, nor to the Canadian Council of Social Development, and not to the Salvation Army.

Why does the government not listen to these groups? Are they all irresponsible? Have these groups lost all touch with reality? Has the Salvation Army lost touch with the people? Are the John Howard Society, the Canadian Child Welfare Association, the Canadian Association of Social Workers, the Canadian Teachers' Federation, the Assembly of First Nations, the Social Planning Councils of these municipalities, the National Pensioners and Senior Citizens Foundation, the Canadian Federation of Students, the Canadian Council on Social Development and the Salvation Army all totally out of touch with reality?

Or is it the government that cannot see and cannot hear, that crosses the street to pass by these millions of Canadians who, especially now, need a Samaritan to stay on their side of the street and see what is happening rather than a Pharisee who crosses to the other side?

Why does no one support this legislation, apart from the Prime Minister, the Minister of Finance and a small cadre of supporters? We are seeing another version of the few instituting measures over the objections of the many. It is an outrage, of course, that the very people who caused the recession are now asking the sick, the hungry and the poor to bear its price. It is an outrage that the very people whose misguided interest rate policies have crippled our economy are asking poor children to pay the price of monetary policy and incompetence. It is an outrage that the very people who have destroyed our manufacturing industries are asking Canadians, thrown out of work because of that, to suffer even more through cutbacks in social assistance.

This bill dismantles a significant section of the Canada Assistance Plan. The objective of CAP was to help provinces provide adequate assistance and institutional care for persons in need, and welfare services designed to lessen, remove or prevent the causes and effects of poverty, child neglect, or dependence on public assistance. Bill C-32 ignores that objective for the provinces of Ontario, Alberta and British Columbia with their huge populations of the poor and those needing this very social assistance. As a result, it transfers the burden of the national debt and federal deficit onto the backs of the poor Canadians who are in these provinces. It is a disgrace.

[Senator Frith.]

Honourable senators, I urge you to listen to the words of the Canadian Cerebral Palsy Association when commenting on this legislation. They said:

> The extraordinary suffering which it imposes on poor and disabled Canadians cannot be justified.

I agree. We on this side agree. The Liberal Party agrees. The legislation cannot be justified. I urge all honourable senators to think long and hard before they vote to support Bill C-32. Listen to your head, and also listen to your heart. They will both tell you to vote against this bill, as I intend to.

Hon. Philippe Deane Gigantès: Will the honourable Leader of the Opposition accept a question?

Senator Frith: Yes, of course.

Senator Gigantès: Might there not have been a misinterpretation by you of the remark by members of the government that "our children are the most important and most vulnerable members of society"? Perhaps they were talking about their own children, who are important to their fortunate parents and whose trust funds might be vulnerable to a change of government altering the rules a little and making those children less rich in the future.

Senator Frith: I admit that the quote would bear that interpretation, but I will leave it for others to accept or deny it.

Hon. Lowell Murray (Leader of the Government): Honourable senators, in view of what we have just heard, I think it needs to be stated for the record again that as a result of this bill the federal government's contribution to the Canada Assistance Plan in the three provinces affected, Ontario, British Columbia and Alberta, will increase by 5 per cent. A 5 per cent increase is more than twice as much as the increase in the cost of living. A 5 per cent increase is considerably—

Senator Thériault: Where does the cost of living come into that? Look at all the people without jobs.

Senator Murray: This is a debate for serious people, not for empty vessels who just make noise from their seats.

Senator Thériault: Be serious. Who believes you?

Senator Murray: A 5 per cent increase is considerably higher than the increase in federal government program expenditures in recent years. I am confident that a 5 per cent increase is considerably high than the increase the government of Ontario will be paying to its municipalities, schools, universities and hospitals. It is important to keep these matters in perspective.

Of course it is true that to be poor in a rich province is no better than to be poor in a less rich province, but the fact of the matter is that the governments of the richer provinces are in a better position to pay more to welfare recipients and others in need of the programs under the Canada Assistance Plan than are the governments of the poorer provinces. It is for that reason that there is no cap on the Canada Assistance Plan contributions going to the seven provinces which receive equalization.

Honourable senators, in terms of the $7 billion that is being paid out under the Canada Assistance Plan in the fiscal year beginning in March, the payments to Ontario will, we expect, be in the order of $2.2 billion. That is an increase of about $100 million to this province. Let me point out that in dollar terms, under the Canada Assistance Plan, the federal contribution to all provinces, which is at $5.9 billion in the current fiscal year, goes to $6.2 billion in 1992-93 and to $6.5 billion in 1993-94, an increase of $300 million in each of those years.

• (1030)

Finally, because Senator Frith brought it up, I should point out that the federal government, in its Canada Assistance Plan, in its Established Programs Financing, in equalization and other transfers, is transferring to the provinces some $35 billion, again an increase considerably in excess of the increase in the rate of inflation and considerably in excess of the federal government's own program expenditures.

The record, I would suggest to honourable senators, is a very positive one in those terms, given the strengthened economic circumstances of the country and of the government. We stand by it, and we believe, and the record is there to indicate, that reasonable people responding to the budget, which we will have an opportunity to debate in a few moment's time, have welcomed it as a completely responsible document and very much in keeping with the needs of this country now and in the immediate future.

Hon. Senators: Hear, hear!

Senator Frith: Honourable senators, I assume that this legislation will be referred to the Standing Senate Committee on National Finance. I see Senator Kelly nodding. It is very important and useful that the Leader of the Government has put his government's position on the record so that it can be the subject of inquiry by that committee. We will have a chance to hear from these ungrateful provinces for their point of view.

POINT OF ORDER

Hon. Philippe Deane Gigantès: On a point of order, Mr. Speaker, the Leader of the Government, I feel, has misled the house by this ingenuous use of statistics. He talks of a 5 per cent increase in the amount of money targeted towards welfare recipients, when in Lanark county they have increased 39 percent. He is comparing apples and oranges. He knows that he is comparing apples and oranges. The burden that CAP is supposed to help alleviate for ordinary human beings is targeted at the welfare recipients. The increase should be compared with the percentage increase of those recipients and not with the cost of living, not with the general operations. That is chartered accountants' lack of charity, the coldest charity, and it is misleading the house.

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

Hon. William M. Kelly: Honourable senators, I move second reading of Bill C-32.

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

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Hon. William M. Kelly: I move that Bill C-32 be referred to the Standing Senate Committee on National Finance.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Before the motion is adopted, I want to refer honourable senators to the *Rules of the Senate*, page 124, Appendix I. That rule reads as follows:

> That, whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which, in the opinion of the committee, a province or territory has a special interest, alone or with other provinces or territories, then, as a general policy, the government of that province or territory or such other provinces or territories should, where practicable, be invited by the committee to make written or verbal representations to the committee, and any province or territory that replies in the affirmative should be given reasonable opportunity to do so.

Honourable senators, I cannot think of a better example of a case where provinces have a very specific interest. As my colleague, Senator Frith, just pointed out in his comments, they have reason to object. I think we should make it a particular point to invite the three directly-affected provinces in writing as soon as possible and that the other provinces be notified, because they may have a subsidiary interest in this matter. I would request that this be done at the earliest opportunity to give the provinces an opportunity to be ready for the committee hearings whenever they are held.

Motion agreed to and bill referred to Standing Senate Committee on National Finance.

TRANSPORT AND COMMUNICATIONS

FIFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Fifth Report of the Standing Senate Committee on Transport and Communications (Budget—CN Railways), presented in the Senate on 27th February, 1992.

Hon. Finlay MacDonald: Honourable senators, I move adoption of that report.

The Hon. the Speaker: It is moved by the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable

Senator Nurgitz, that this report be adopted now. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: What is this about?

Senator Lynch-Staunton: The investigation of the railway short-line from Sydney to Truro.

Senator Frith: Just the budget?

Senator Lynch-Staunton: Yes.

The Hon. the Speaker: Carried.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the purpose of this Inquiry is to give honourable senators the opportunity to debate in a more organized and focused way than might otherwise be the case the policies outlined by the Minister of Finance in his budget address on Tuesday of this week. Senator Olson, when he sat on the government side of this chamber, initiated this practice, and one that I am happy to continue.

[*Translation*]

Honourable senators, yesterday, the President of the Treasury Board, Mr. Loiselle, tabled in the House of Commons a copy of the Budget Speech and the Budget Papers, as well as the Main Estimates for the fiscal year beginning April 1, 1992.

These Estimates for 1992-1993 were referred to the Standing Senate Committee on National Finance. In the meantime, as senator Stewart mentioned earlier, a bill to provide borrowing authority was tabled by Mr. Mazankowski and read the first time in the other place.

Referral of this bill to the Senate will give us another opportunity to review and discuss the fiscal and economic policies of the government.

I will not try to give you an overview or even a summary of the Budget. Honourable senators all have a copy of these documents and can study them as the please. Instead, I want to make some brief comments to give you food for thought and start a discussion on the economic policies of our government.

● (1040)

[*English*]

The first point that I would make is that the economic fundamentals are in place for a strong recovery this year and in the years just ahead. Honourable senators who disagree with that assertion have an opportunity to offer their own analysis, opposed as it will be not only to that of the government but also to that of virtually all Canadian and international forecasters whose perspective is not clouded by political partisanship.

It is true that we have had an economic recession.

Senator Frith: When did those clouds arise over this?

Senator Murray: After six years of robust economic growth and job creation, the economy slowed down and then entered a recessionary period in the second quarter of 1990. The recession lasted through the second quarter of 1991, when a slow recovery began. Growth has been slower than we had hoped and expected because growth in the United States also slowed sharply and its recovery faltered since September. Growth also slowed in the second half of last year in Japan and Germany.

As a country which exports about 25 per cent of everything it produces, economic conditions abroad do affect us very considerably. Still, it is well to keep the 1990-91 recession in perspective. From time to time I hear honourable senators opposite describe the 1990-91 recession as the worst since the 1930s.

Senator Olson: Some people do.

Senator Molgat: Mr. Wilson said that there was no recession!

Senator Murray: In fact, that dubious distinction belongs to the 1981-82 recession. Loss of output, which is the defining, overall measurement of recession, was twice as severe in 1981-82 than it was in the 1990-91 recession.

Senator Frith: So it is all the Liberals' fault. It is all our fault again.

Senator Murray: It is the decline of 3.2 per cent in GDP 10 years ago as against the decline of 1.1 per cent in 1991. Almost half a million jobs were lost in 1982 and it was 1986 before employment returned to prerecession levels. The 1991 loss was 232,000 jobs. Unemployment went from 7.5 per cent in 1981 to 11.8 per cent in 1983. In 1991, it was at 10.3 per cent.

Meanwhile, in the midst of the historically severe recession of 1981-82, inflation was at 10.8 per cent in both 1981 and 1982. It was at 5.8 per cent as an annual average in 1991 and last month. Year over year, it was at 1.6 per cent. The prime interest rate, over a period of 21 months from December of 1980 to the summer of 1982, went as high as 22.75 per cent and never went below 16 per cent.

I refer to these comparisons not for the purpose of trying to score political points in this debate—

Senator Molgat: Oh, no!

Senator Frith: The thought never entered our mind.

Senator Lefebvre: You are getting better all the time!

Senator Molgat: You are just rewriting history, that is all.

Senator LeBlanc: Who is writing the fiction?

Senator Murray: —and certainly not to underestimate the seriousness of the 1990-91 recession—

Senator Frith: Or the responsibility before.

Senator Murray: —which was very painful, indeed.

Senator Molgat: And self-induced by the government!

Senator Murray: —but to ensure that the 1990-91 recession from which Canada is now recovering, albeit slowly, is kept in perspective by honourable senators and, more importantly, by consumers and investors.

There is, however—and I acknowledge it—a new element to the present economic situation which makes the challenge far more complex than it has been in the past. A much more serious economic challenge than any periodic recession is the

necessity we now face to surmount a period of permanent industrial restructuring that is taking place on a global scale.

The 1990-91 recession is an event from which we are emerging and from which we are recovering, albeit slowly. But the international challenge to our productivity and competitiveness, and therefore to our future prosperity, remains to be won. It is being fought, as we all know, at great cost in terms of disruption of working lives and painful dislocation of firms, industries and communities. The government is making every effort to assist with adjustment in training to better adapt our work force and our economy to new conditions.

On the successful outcome of this struggle depends our ability to maintain the quality of life Canadians have enjoyed for so many years. Here again, the verdict of Canadian and international organizations is clear. The federal government has the policy fundamentals right not just for short term recovery but for the long-term growth and prosperity of the economy.

[*Translation*]

Interest rates are at their lowest level in 19 years. They will be under 5 per cent this year and next year and will remain at that level each year, on average, until 1997. At 1.6 per cent, the inflation rate has never been so low since the 60's. We predict inflation rates of 3 per cent in 1992, 2.2 per cent in 1993 and an average of 1.9 per cent until 1997.

The foundations of our economy are solid. This is confirmed by the fact that the projected rates of economic growth are 2.7 per cent in 1992, increasing to 4.5 per cent in 1993, with an average annual rate of 4.4 per cent until 1997. The Canadian economy will create 500,000 new jobs by the end of 1993 and 1,500,000 by 1997. It is a very high growth rate. Honourable senators will note that our short-term growth projections are conservative compared to those made by most national and international agencies.

Honourable senators will remember that the OECD and the IMF both predict that Canada will have the highest growth rate of all industrialized countries and the highest rate of job creation. The deficit is reduced by $4 billion for the fiscal year beginning April 1 and by another $5 billion in 1993-94.

It is even more significant to note that, since 1984-85, the deficit as a percentage of the Gross National Product has gone down from 6.75 per cent in 1984-85 to 3.8 per cent in 1992-93. During the same period, in the United States, that percentage went from 5.3 per cent to 6.8 per cent.

[*English*]

Honourable senators, the decisions taken in our previous seven budgets, the management of the government's affairs since 1984 and the significant spending cuts in this week's budget, have given us room to begin to cut taxes and to bolster economic recovery. The reductions in the personal income surtax will put $500 million back into taxpayers' pockets this year, rising to $1.2 billion in subsequent years. The provisions to permit use of RRSP funds to buy or build a home will stimulate housing activity when combined with the recent announcement of 5 per cent downpayments. Honourable senators will also have noted that Mr. Mazankowski's budget lowers taxes on manufacturing and processing, increases support for research and development spending, for equity financing and small business.

● (1050)

The measures to stimulate investment tackle the core issue of the Prosperity Initiative launched some months ago by Mr. Wilson, Minister of International Trade and Minister of Industry, Science and Technology, and Mr. Valcourt, Minister of Employment and Immigration. Investment in new machinery, new technology and R&D is the key to creating real and durable jobs. It will determine the success or survival of companies that are adapting to the fast-moving global economy.

The budget measures to stimulate the economy and support adjustment to the longer term economic challenges should be seen against the background of other significant recent decisions. I will mention just a few of recent months: The decision in November 1991 to provide $800 million in support for agriculture, the tax changes benefiting the transportation sector announced in December 1991 and the measures announced earlier this month to ensure that Canadian retailers compete on a more equitable basis against foreign competition.

I want to draw the attention of honourable senators to the measures in the budget dealing with social policy and programs, measures affecting students, the disabled and families, for example. I want in particular to draw your attention to the reform of child benefits which combines the family allowance and tax assistance in a way that will bring greater financial resources to children, especially to improve the lot of lower income working families. Three programs are being consolidated, family allowances, the child credit and the refundable child tax credit. These now cost some $4.5 billion annually. We are adding another $400 million a year and we are targeting assistance to those who need it most.

Parliamentary committees, social policy groups and other interested parties have all identified the weaknesses in the present system; its inadequate support for low income families, the piecemeal approach of three programs, the lack of targeting, the disincentives for many families to give up welfare benefits for a wage only a few dollars greater and the delay between filing for and obtaining the full tax credit. The new child benefit, paid monthly in most cases to mothers, will provide increased benefits for the majority of families with children, benefits targeted to low and modest income families, and with a new earned income supplement to reinforce the incentives for low income parents to participate in the workforce.

Under the new system, a low income family with one child can receive as much as $1,520 a year, an increase of almost 50 per cent over the present situation. Family income rather than individual income will be the criterion for support, and we believe it is a much better measure of determining the level of assistance needed to support children.

There will be no losers among two-earner families with incomes under $55,000 and all large families with incomes under $75,000 will gain. Larger families, all families with children will benefit from the increase of $1,000 per child in the child care expenses deduction.

Honourable senators, over a period of seven years the changes in social policy that we have introduced have been with a view to better targeting so that the greater benefits go to those most in need. Thus in a number of areas we have turned tax deductions into tax credits which are more progressive. Tax credits have been introduced and increased for families, seniors, veterans and the disabled, among others. The child benefits reform, announced in Tuesday's budget and outlined later by Mr. Bouchard, the Minister of National Health and Welfare, is a major social policy initiative and one that most people believe is sound and progressive.

Honourable senators, I look forward with interest to the contribution of other honourable senators to this debate. I will be interested to hear the policy alternatives to be proposed by the Opposition. No one expects that the Opposition should prepare its own version of the budget. Still, Canadians have a right to expect the Opposition to offer a general outline of their policy. Mr. Chrétien, for example, indicated prior to the budget that the government should be prepared to increase the deficit by at least another $1 billion in spending on job creation. It would be good to have that policy confirmed in the course of this debate, together with some indication as to how high the deficit should be allowed to go, how many jobs this increased deficit might be expected to create, whether the necessary borrowing increase would increase interest rates and by how much. I am sure that Mr. Chrétien his advisors and spokesmen in this chamber have these matters figured out.

Mr. Chrétien also indicated some time ago that he would instruct the Governor of the Bank of Canada to bring down the exchange rate on the Canadian dollar to stimulate exports. It would be good to have that Liberal policy confirmed during the course of the present debate, together with some idea of how far he would intend to devalue the dollar. It would also be interesting to hear whether the Opposition believes that the government is on the right track with our child benefit system, or whether they are so attached to the universality of family allowances that they reject this reform of the system with its greater emphasis on low income families.

Therefore I invite honourable senators opposite to address themselves to these questions and to where they differ with the government or where they may agree with us on the fundamentals of economic policy. Only in this way can we have a coherent debate. Without such a debate in some public forum, the Canadian people will have to judge the Liberals' ability to manage the economy on the basis of their past record, and that is a comparison that no loyal Liberal devoted to the welfare of his party would want to invite.

[Senator Murray.]

Senator Frith: You just described all Liberals.

• (1100)

Hon. John B Stewart: The honourable senator referred to the record. Could he tell us what the borrowing authority bill for 1992-93, introduced in the House of Commons the other day by the Minister of Finance, will provide in the way of new borrowing authority?

I ask that question because the borrowing authority bill for 1990-91 asked for $25.5 billion. The minister said that would be quite enough to finance the borrowing authority for that year and would leave a balance of up to $3 billion with which to begin 1991-92. Of course, he was wrong. The $25.5 billion provided for that fiscal year proved insufficient for 1990-91. In fact, the total was used up several weeks before the end of the fiscal year, and even the $3 billion intended as the bridgehead into the forthcoming fiscal year was used up before the end of the current fiscal year.

In view of the minister's emphasis upon track record, could he tell us, first, what is the minister asking for in the way of new borrowing authority for the forthcoming fiscal year and, second, what assurance have we that the minister will be any more accurate in his estimates than ministers of finance of this government have been in the past?

Senator Murray: Or ministers of finance of previous governments.

Honourable senators, I do not have that bill in front of me. It is not in the Senate yet. The honourable senator makes some points which I think he would recognize are debating points. He will have an opportunity to make them in the course of the second reading debate here, and further opportunity again to ask his questions in more detail when the borrowing bill is at the National Finance Committee, of which he is a member.

Senator Stewart: Obviously I ask the question because it goes to the heart of the validity of the statistics the minister has cited, and to the heart of the credibility of the minister as a colleague of the Minister of Finance.

Hon. H.A. Olson: Honourable senators, the Leader of the Government has given another incredible speech about the budget. The budget itself was, to any objective person, an incredible budget. By that I mean the connotation on that word that it is hard to believe. In fact, a connotation on incredulous would perhaps be a more accurate description of the budget. No reasonably objective person could believe that the government was trying to deal with the real world and the Canadian economy today with the budget that was brought forward.

The minister has done exactly what the Minister of Finance did last Tuesday. He talked about everything except what really has delivered Canada into the economic recession, and that is the monetary policy of this government. That is what has done the damage to this economy, causing the record-breaking bankruptcies of companies both large and small and the declarations of bankruptcy by individuals and unemployment. In the speech I was hoping he would address that subject because I know he has a great interest in it, and would

obviously know about the monetary policy. He never mentioned it, neither did the Minister of Finance.

It is difficult to believe that the government could be unaware of the financial and other problems that Canadians are experiencing today in the agriculture, fishery, forestry and retailing sectors—in fact almost everywhere. As I said, for the government to bring in a budget to try to deal with the malaise in the country and never once mention what caused it makes it incredible.

I know that this government has developed the practice of getting the correct spin on things to a higher degree than any government in history. I guess every minister's office has a spin doctor. They have been talking about all the fiscal matters only, little ones and large ones, and never mentioned the real problems. This is not new and the government is not fooling anybody.

For all the increases in expenditures and the amount of money that will be left with the people because of some tax changes, the government has used statistics for five years. That is one of the oldest tricks in politics. When you are not impressed with one- year stats then use five-year stats and say that there will be this many millions of dollars available over a five-year period. It is the first time these people have used it. I am surprised that it took them so long to catch on and that the spin doctors had not done it before. A long time ago the Conservatives in Alberta used a five-year projection about every fiscal policy change rather than simply for the year that was supposed to be dealt with. Anyway, that is the way it is.

I want to congratulate some of the spin doctors. When the *Financial Post* and the *Globe and Mail* financial section prints favourable articles and editorials about a budget, it is a sure sign of whose interest is being served by this budget.

Senator Frith: It got a rave review from Mr. d'Aquino, too.

Senator Murray: And the small business organizations, too, in the person of Mr. Bullock.

Senator Frith: I would not call that a rave review.

Senator Murray: I would.

Senator Frith: From him, you mean?

Senator Olson: It is a sad day when the government brings in a budget and does not even mention monetary policy. The Minister of Finance, the honourable Mr. Wilson, in his budget in the spring of 1990, deliberately said that he intended to cool inflation down. He did not say to zero, but he said down to 2 per cent. He set out on a monetary policy to do that and he did, no doubt about that. However, from a few articles that have been written, one can see the cost in human misery of following such a monetary policy.

It is sad for Canada that that is how unfeeling this government is. Even after hundreds of thousands of people have been hurt by this monetary policy, the government now comes along and acts as if it is proud of that policy.

● (1110)

There is no doubt at all that the government set out two years ago to cause a cooling off, as they called it, or cause the Canadian economy to slow down, in order to cool out the inflation. Some people call it John Crowe's victory. It is some victory.

I was hoping this minister of finance would be a little better than the previous minister of finance at recognizing that there are some people in this country who are really suffering very severely, but apparently he is not. Here we are again with no concern at all for the real problems.

Honourable senators, there is no point in dealing with all of the statistics that the minister has just quoted again about all the projections. He did not talk very much about what in fact has happened, but he sure talked a lot about all the projections. There is a real problem with that, because even in 1984-85, the previous government did in fact project a deficit of $34.5 billion. They took over about halfway through that fiscal year. They took office on September 17, 1984. That fiscal year runs around to April 1. They managed or mismanaged the Canadian economy so that the actual deficit was $38.3 billion.

Senator Frith: It didn't take them long.

Senator Olson: It sure didn't. They got started right away. I have all the figures here. I do not intend to read them, because it is just sad to read these figures.

Senator Frith: Give us figures.

Senator Olson: I do not have time to read them all.

The next year it was the same. The actual deficit was above the projected one, and it has been for every year since. Some years are worse than others. The difference between their projection and what actually turned out to be the case was $5 billion. Some were only a little less than that. However, what is consistent is that they are always wrong.

I would think that any group that is as interested in political standing as this government obviously is would listen to that and would correct that bad habit. Only two weeks ago, the Prime Minister said in the House of Commons again that all of this deficit problem that they have is one they inherited from the previous government.

Senator Murray: He said the debt was inherited.

Senator Olson: No, he said the deficit was the problem. By doing some kind of compounding on the interest and the charges, he said that all this is the responsibility of the previous government. Do you know what happens now? After the Prime Minister made that statement about two weeks ago, they then took a poll. I would never have believed that they could fall below 12 per cent, but they did. They are down to 11 per cent now. That is what will happen every time you make—

Senator Frith: They are probably blaming us for that, too. I don't mind taking that weight.

Senator Olson: I don't care who they blame.

The point I am trying to get across is: Please do not think you are kidding the general public out there. When they hear that kind of ridiculous statement, that the financial problem

that the government has now in 1992 is because of what the government did prior to 1984—

Senator Murray: Put the figures on the record.

Senator Olson: The people just do not believe it.

Senator Murray: Let's have the figures.

Senator Olson: You have the figures.

The government has new bookkeeping here, too. They no longer pay all the expenses and take in all the revenue. They have program spending and they have deficit or debt charges. Prior to 1984, all the revenue that came in was part of the revenue to the Consolidated Revenue Fund, and all the expenses, including the debt service charges, were on the expense side. It is so sad, because now the government leader in the Senate wants to read me something again that they have concocted. I can hear him trying to read me something again. Everyone knows that if you had invested five cents at the time of Christ and got 10 per cent compound interest on it until now, you would have $1 billion.

Senator Murray: You can take the boy out of the country.

Senator Olson: The point I am trying to make is that you really ought not to do it any more, no matter how desperate you are, because nobody believes it. The people of Canada no longer believe that the mismanagement of the government today is because of what happened prior to 1984. Every time the Prime Minister tries to tell them that, the people listening to it feel insulted.

Senator Frith: And they go down in the polls.

Senator Olson: It insults people's integrity to expect them to believe it, and down goes the government some more. They went down to 12 per cent once before. Then the stock went up a little bit. I think it got up to 16 once. That is the lowest in history, by the way. You would not think it would happen again, but it does as soon as they give us that excuse. It happens with the Prime Minister particularly, but with other ministers, too. He seems to have them all trained now to give that funny little bookkeeping story. Down goes their stock because people, as I said, are insulted by the government trying to tell them that kind of garbage.

Senator Murray: Give us the facts.

Senator Olson: It is too bad, but that is the way it is. Now, the government—

Senator Frith: That is a little ambiguous. What is too bad?

Senator Olson: I do not think it is too bad that this government will be kicked out of office when the people get a chance to vote. What I think is too bad is the distress and suffering the people will have to put up with in the meantime. That could be until sometime after November, 1993. That is how bad it is.

Senator Molgat: Not if they are honest.

Senator Olson: The cost in distressed and devastated lives because of this monetary policy is just terrible. It is record breaking. The government leader wants to compare this depression or recession with 1980 and 1982, or whenever it was.

Senator Murray: Whenever it was?

Senator Olson: Well, whenever you claim it was. You pick a different year every once in a while. Pick any year that you like back there. We have had a record-breaking number of bankruptcies in the last few months in comparison to any period you want to select. The loss of real full-time jobs has been greater in the last few months than at any time you want to select in the past.

There were some changes, and the government leader uses these figures about creation of jobs. Well, most of the jobs that have been created are part-time jobs, a very large part of them. The ones who have really suffered are the people who were working in companies where they believed they had a job for the rest of their lives. The free trade business and the monetary policy that created this recession has wiped out more full-time steady jobs than at any other time. That bothers me.

Senator Simard: Wrong again.

Senator Frith: Senator Simard just walks in for the first time and says, "Wrong again."

Senator Simard: What rubbish. How much can you take in one week, let alone one day?

Senator Frith: You aren't taking much. You just walked in.

Senator Olson: I do not intend to take a lot of time—

Senator Simard: I hope not.

Senator Olson: —to talk about all of this, because as I pointed out before you came in, Senator Simard, to bring you up to date, what this government has failed to deal with completely is the monetary policy that has done the damage in this country. They have fiddled around with it, phasing out 46 agencies and a few other things. The total was $22 million in savings for all of them. But it is just another game of smoke and mirrors. I do not intend to talk about all of them, but there were several agencies phased out which were, in fact, phased out a long time ago. They have not been active for a long, long time.

• (1120)

However, there was one good agency there, and it, too, has gone now. It was called the Agricultural Products Board. It did not cost the government one cent. Why would you not admit that? It was an agency set up within the Department of Agriculture so that if the government or the Governor in Council wanted to assist some product temporarily—I care not what it would be, pork, beans, potatoes, whatever—that the Agricultural Products Board was authorized to go into the market and buy and sell the product to assist in the situation.

Every single officer in that board was an employee of the Department of Agriculture, and he was not paid any additional money for being on the Agricultural Products Board. There was a person in the Department of Agriculture who was the secretary of that board who kept track of what they were doing to assist in the marketplace.

There was absolutely no cost whatever to that board being there, except that it set up the legal structure that was needed from time to time to intervene if a particular product got into severe marketing conditions. Now it is gone.

Perhaps the government has made up its mind that it will never again help certain specific commodities in agriculture, so they probably do not need that board, or if they do, they will have to create something new. But the point is, they are trying to fool the people into believing that they saved some money, and they didn't save a cent with that one.

But there are some others on there, too.

The Hon. the Speaker *pro tempore:* I must inform the honourable senator that he has been speaking for 20 minutes. Is there leave for him to continue?

Senator Olson: I do not intend to speak much longer, honourable senators, even if I get permission, because I have stated very clearly and succinctly what the problem is. The problem is that this government apparently does not recognize where it is. It does not have any capability of looking at the real world in Canada.

Senator Frith: Same old gang; same old problem.

Senator Olson: That is what is so sad about this budget. I certainly hope that the Minister will use his influence and his tremendous knowledge that I know he has developed over the years with respect to the effects of wrong monetary policy. We have certainly had a demonstration of it during the past two years or so. It has led us into the most difficult situation that most Canadians have ever known. I would hope he would use all the power of his persuasion and his great knowledge in this area to get the Minister of Finance and the rest of his cabinet colleagues to look at monetary policy, because they completely ignored it, not only in the budget but in the budget speech that was made by both the Minister of Finance and by the Minister here earlier today.

Senator Frith: Hear, hear.

Hon Duff Roblin: Honourable senators, I will accept the proposition of my friend who has just spoken that we should consider the budget that we have just received in the context of the real world. And the context of the real world is this, that when you are examining a budget and its effect on the economy of this nation, you cannot ignore the fact that we live in the North American continent. And if we seek to blame this government for all the ups and downs of the economy which have taken place in the last little while, we cannot do so without reference to what is going on in the United States.

We talked in the house this morning about the decimation of the automobile industry in Canada and, heaven knows, that is bad enough. But we have to recognize that that is part of an international trading system. We have to recognize that our economy in Canada is influenced by the United States in a very drastic and direct way. Any policy or any budget that the Government of Canada prepares has to be prepared in light of that fact, and any criticism about its impact on the economy of the Canadian nation, and the strictures that my honourable friend has applied have to be considered in connection with the overall situation in which we find ourselves.

So the budget cannot be considered solely as a Canadian document or a Canadian phenomenon. The economy of Canada cannot be considered in that light, either. It has to be considered in the context of which I spoke. It seems to me that, when one takes that fact into account, some of the criticisms that have been applied to the present budget do not carry the force which one might at first think.

Senator Olson: So we are kind of the 51st state.

Senator Roblin: We are not a 51st state, but when 70 or 80 per cent of our foreign trade, which amounts to 25 per cent of our GNP, is conducted with one country, we simply cannot ignore or rule out what takes place there because it just would not make sense.

I would like to say a few modest and perhaps not unduly enthusiastic but nevertheless realistic comments about this budget, because budgets never please everybody. In fact, they often do not please the majority. But nevertheless, they have to be considered in as rational a way as we can bring ourselves to do.

I will say a very brief word about forecasts because, if you compare the forecasts of the government with the forecasts of private enterprise or, indeed, with the OECD, you will find that our forecasts are consistent with those. While we have to recognize that forecasting is a dangerous art, it never turns out right, nevertheless, our forecasters are not out of line with the conclusions of other people who contemplate the future of our economy. In fact, the OECD has given us a better prospect for the current year than our own government does, so we have to think that they are being as realistic as they can.

I am no defender of forecasts. They are necessary; we have to make those assumptions, but we must not be surprised if they do not turn out to be as accurate as the forecasters would like. That has never been the case.

Senator Olson: But you are wrong all the time.

Senator Roblin: If we are wrong all the time, that means everybody is wrong all the time. That's what that means. Everybody is wrong all the time because we are within the parameters of those figures.

I want to point out one or two things to reinforce my satisfaction with the housekeeping of the present administration. During the past few years, if I can get my figures before me here, we have found that the costs of the expenses of government, which are described as "program spending," have been rising at the rate of 3.9 per cent since this government took office. That is not a large increase, 3.9 per cent.

For the previous period, going back to the 1970's, the increase per year was 13.8 per cent. So when you get it down to 3.9, you know that somebody is working on running an economical ship, below inflation. You can obviously point to areas where they have not done the job one would like them to do, but on the whole, that is not a figure that one needs to be ashamed of.

When one takes that into account, and when one considers the burden of the debt, one can see the difficulties that the government has in planning many of the measures that some of us would like to see in a fiscal situation which simply will not support new costs. Their effort in reducing the rate of increase in the spending programs is indeed commendable and something that I support.

● (1130)

The tax relief in this budget has been minimized by people opposite. That is fair game. That is the way it works. They trot out the most unattractive statistics to deal with tax relief. When I picked up my paper in Winnipeg the day after the budget was presented I was informed by the *Winnipeg Free Press* that over the next two years the people of Manitoba will be taxed $60 million less than would otherwise be the case. That is a substantial amount in my province. While one does not claim that this is a perfect world, that reduction in the burden of personal taxes in my province is something for which my people will be grateful. To say that those tax relief measures are insignificant is to refuse to acknowledge their importance.

The small business community in my province will be much better off as well. With these measures, the small businesses in Manitoba are subject to less taxation than the small businesses in the United States. That is worth noting. That will encourage the businessmen in my province to get busy. They are pretty good at exporting. Three of them appeared on a CBC program the other day as examples of people who know how to compete in the North American market successfully. I am proud of them. The fact that the tax burden for small businesses is less in Manitoba than it is in the United States of America is commendable. I am glad that the government has made these arrangements.

I want to devote the few minutes that are left to me to dealing with the real virtues of the budget. One has to admit that what the government does, in itself and as an instrumentality, will not be the cure or answer to our situation. If we are concerned about the economy of Canada, we have to recognize that it will go up or down depending on what Canadians do with the tools that are provided for them.

I would like to make a few comments about that, dealing with monetary policy. I am quite happy to consider monetary policy. I have not always approved of everything the Bank of Canada has done. I stood up in this place not long ago and said that the Bank of Cananda ought to declare victory in the war on inflation and get on with other things, and I do not retreat from those remarks. After having inflation at 1.7 per cent for the last six months of 1991, the lowest of any country in the G-7, we can consider that we have inflation under control. The Bank of Canada has perhaps been overemphasizing that part of its responsibilities. I think it has, and that it can now turn to other things.

What are the results of this low inflation? Not only does it place us in a better competitive position with respect to the United States, but in a better position with respect to our entire trading world, including Japan and Europe. Everyone is included in this situation. The low inflation rate in Canada will prove to be one of the solid assets we have in reconstructing the economy of this country. It has to be reconstructed because we know that the system of doing business in Canada, or in any country in this world, is no longer the same as it was. One of our great traumas now is the process of readjusting ourselves to a new world and new economic situation on this continent and throughout the world. Having a 1.7 per cent inflation rate will stand us in good stead.

Something else has happened in connection with monetary policy which has escaped the notice of my honourable friend, and that is that interest rates have come down dramatically. I hope they will come down more. It means a $3 billion reduction on the interest bill for the Government of Canada. What does it mean for ordinary people? What does it mean to people who have mortgages? What does it mean to businesses that are trying to borrow money to run their affairs? It means that one of their most important costs is now under better control than it has been for a long time. That is the good news.

Take as an exmaple a person who has a five-year, $75,000 mortgage on his house amortized over 25 years. His interest charge has gone down from about $900 a month to about $650, a saving of about 25 per cent. You will find the same degree of saving in loans of small businesses. Incidentally, there is a measure in here about treating business interest with the same tax base as dividends, which will be very helpful to small business.

Declining interest rates will work their way through the economy in a dramatic way if we give it a little time. When you conceive that government is saving $3 billion in its debt, which God knows is large enough, how much will be saved by all the other people who have debts which exceed government debt? There will be a most substantial savings in respect of interest rates.

That is the kind of thing that will get the economy going. Tax reductions are fine, I am all for them, but if you want to get the economy going you have to get the private sector going. You do that with low inflation and lower interest rates. These rate reductions are dramatic and significant. They are showing up on the profit and loss statement of every company in the country. They are also showing up on the profit and loss statements of private individuals who have mortgages and other debts to pay.

This is a monetary policy item which my friend thinks has not received sufficient emphasis. I agree with him and I want to emphasize it in the house today.

The other question of monetary policy, about which I do not intend to be quite so boisterous, is the value of the Canadian dollar. I agree with those who think that that is a very significant factor in our export activities. I am relieved to know, therefore, that the Canadian dollar has come down from a little under 89 cents to around 84.5 cents. That is a substantial decrease. I hope that it will continue.

When we consider that the inflation rate is down, the interest rate is down, and the Canadian dollar is down, we

know that we have established the parameters in which the Canadian economy can thrive. In my view, government cannot make the economy thrive. It tries, but the main thing it has to do is get out of the way. The way to get out of the way is by running its affairs properly and keeping the taxes as low as possible while protecting those members of society who need the social network. Never forget that. That is one of the most important functions of government. Though we talk about dollars and cents here, we are all exceedingly conscious of that fact and we are continually trying to adjust and make as effective as possible the social network and the support that government gives to those who cannot help themselves and need help. That is one reason I agree with the changes to the Child Welfare Act.

One of the main principles of running a budget is that there is never enough money to go around. That is something which no person concerned with the public finances should forget.

The second principle to remember is that what the government spends the people cannot spend. In other words, people cannot use their discretion to spend money if the government has taken it from them. So we have those two factors of public finance to consider. By no means deduce from that that the least government is the best. I do not think that at all. That is another argument entirely.

In spite of these principles that I am attempting to establish, a third principle is that in our country the government has the responsibility to take care of those who need help. That we must be prepared to pay for, and that we must be prepared to support.

The conclusion of all this is that in managing the public affairs the principle of priorities is the one which must ever be in the front of our minds. There is never enough money. There are always more people making claims, particularly the special interest groups. So the establishment of a system of priorities is essential to having any kind of order in the public finances.

There is lots of room for debate on what those priorities ought to be.

• (1140)

I respect opinions that differ from my own, but if you accept the principle of priorities, you are getting pretty near to virtue. So, the question of priorities comes up in connection with the child welfare plan.

In universal programs, and I know this is not popular, but I have maintained it all my life, there is never enough money to go around. If everyone gets something, if the rich get it and the poor get it, the rich get something they do not need and the poor do not get what they do need. The only way to solve that question is to make sure that you target your support to those people who need it, defining that term as broadly as you can. It means that those who are rich are not entitled to this kind of support, and those that are poor will need it, and they need more than they are getting now.

Some Hon. Senators: Hear, hear!

Senator Roblin: What the present policy does, and you may find faults with it, is that the rich who do not need it will not get it, and the poor that do need it will get a little more. Maybe it is not the right poor; maybe it is not enough, but the principle is sound and one that I support.

You must be careful how that principle is applied given all the various kinds of social networks that we have in this country. I am willing to admit that there is room for argument, that it does not apply "universally", if I can use that adjective; but, in this case, I think it does apply universally. Therefore, this is a policy that ought to be supported.

Honourable senators, under our new rules, in the 15 minutes allotted to people like me who want to speak on the budget, I will return to my theme. The budget is not perfect. The management of the government is not perfect. It is a human device, no matter how you look at it, and there are ways in which it can be improved. I for one will listen with interest to people who can make suggestions about improvements, who can suggest a better system of priorities, provided they accept the principle. I am willing to listen to that, because wisdom does not reside on this side of the House alone. We are willing to hear what other people have to say.

The main trust of this budget, and that is all we can deal with today, is helpful. Taxes are coming down a little bit; the deficit is being restrained a little bit. Public services are under close control, and the monetary issues, of which my friend spoke, are encouraging. We now have low inflation, which we never dreamed of three our four years ago. If you get interest rates coming down, as they are now, and if we see the dollar gradually declining, these are all helpful events. If we let these events work through this economy, they will prove that the general thrust of policy is on the right track and that Canada, with all its problems today, can look forward to better times.

Some Hon. Senators: Hear, hear!

Senator Stewart: I wonder if the honourable senator would deal with a question?

Senator Roblin: Yes.

Senator Stewart: I am glad to have the opportunity to ask a person who has had as much experience with government as Senator Roblin has had on this particular question. He said, referring to government social programs, that these programs should give support to people who need the support and should not give support to people who do not need support, a proposition with which few people would quarrel. The problem, of course, is how do you decide who needs support and who does not need support? How do you prevent a vast discretionary bureaucracy building up to make this distinction? Is the honourable senator telling us that our taxation system is so inadequate that we could not tax back from the people who do not need the support the support that would be given to them under universal programs?

Senator Roblin: That is the boogie man that has always been raised. I remember well, in another capacity long ago, I faced the exact same question, because the social welfare system in my own province in those days was based on the principle of need. We were told that this would be destructive of individual privacy, it would be an offence against personal

privilege and rights, and it would not be workable; but, we managed to make it work. We made it work through a careful system of regulations administered by good civil servants.

I do not think that is the way one would approach the problem today. One would approach it today by setting relatively reasonable standards by which one would define need. That standard would have to be flexible, because people who have less need more, and until that standard is reached, it would be a sliding scale.

How do administer it? The income tax system would probably be a good way to do it. However, I do not see any difficulty between using the income tax system to administer the system that I am describing and the income tax system which is a clawback, which is what we do in many respects right now.

The question of administration does not go to the heart of the matter. The question of administration is something we can all solve if we put our minds to do it. We have solved it before, and I do not regard it as an obstacle.

On motion of Senator Robertson, debate adjourned.

[*Translation*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL

February 28, 1992

Sir,

I have the honour to inform you that the Honourable Peter Cory, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, February 28, 1992, at 1.00 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Judith A. LaRoque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

[*English*]

FOREIGN AFFAIRS

FOURTH REPORT OF COMMITTEE ADOPTED

Leave having been given to revert to Reports of Committees:

On the Order:

Consideration of the Fourth Report of the Standing Senate Committee on Foreign Affairs (Budget—North American Free Trade Agreement), presented in the Senate on 27th, February, 1992.

Hon John B. Stewart: Honourable senators, the budget of the Standing Senate Committee on Foreign Affairs was presented yesterday, and it appears in the *Minutes of the Proceedings of the Senate* from yesterday at pages 573 to 574. I would move that the report be now adopted.

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

Motion agreed to and report adopted.

[*Translation*]

PRIVATE BILL

ROYAL SOCIETY OF CANADA—BILL TO AMEND ACT TO INCORPORATE—SECOND READING—DEBATE ADJOURNED

Hon. Claude Castonguay moved the second reading of Bill S-7, An Act to amend An Act to incorporate the Royal Society of Canada.

He said: Honourable senators, I am pleased to speak on this bill before us today, the purpose of which is make some changes to the Act of Incorporation of the Royal Society of Canada.

The Royal Society of Canada is the national academy; its purpose is to contribute to the development of knowledge and research in the arts, letters and sciences. It was founded in 1882 by the Governor General of Canada, the Right Honourable Marquis of Lorne, and incorporated by Act of Parliament in 1883.

• (1150)

[*English*]

At the time the formation of a body devoted to fostering science and scholarship was advocated by Sir William Dawson, Principal of McGill University and first president of the society, and the Honourable P.J.O. Chaveau, former Premier of Quebec and the society's second president. They wished to improve the situation of active scholars and researchers who were widely dispersed across Canada and had little contact with each other.

A number of far-reaching decisions were taken by the founders as they considered the best form for the new organization. Of primary importance was the decision of the Marquis of Lorne that the society include the full range of scholarships with sections for literature, history and the arts, as well as science, following in this respect the French model of L'Institut de France rather than the English model of the Royal Society of London. The adopted structure has allowed the society to reflect the Canadian identity by incorporating members from all parts of the country, as well as to adopt smoothly to the growth of scholarship over time.

[*Translation*]

According to the objectives assigned to it from the start, the Society in now organized into three academies: the *Académie des lettres et des sciences humaines*, the Academy of Humanities and Social Sciences, and the Academy of Sciences/*Acadé-*

mie des sciences. These three academies had, in 1992, a total membership of 1200 among whom our colleagues, Senators Gérald Beaudoin and Arthur Tremblay.

[*English*]

Over its 109 years of growth and increasing activity, the society has held to its original objectives of encouraging excellence in learning and research by awarding medals and prizes, and by holding an unbroken series of annual meetings with proceedings recorded in its publications.

In recent years it has expanded its role in several ways: holding conferences in many parts of Canada, commonly in cooperation with other organizations; undertaking various studies into matters of national, and frequently local, importance; and providing advice to governments and other bodies on the issues of the day. Increasingly, the topics addressed cross the boundaries of academic disciplines and examine many facets of complex problems.

Among the current concerns being examined by the society are issues in public health, such as its comprehensive study of AIDS in 1988; the environment and its natural and human dimensions; public understanding of scientific advances and the issues they raise; education of Canada's intellectual resource; the advancement of women in academic and professional life; and the evaluation of the country's research capability and accomplishments.

[*Translation*]

To study these questions and other subjects, the Society calls upon the knowledge and experience of its members who pledge to provide their services at the time they join the Society. The growth over the last few years has made us more aware of the Society's ability to give the country independent and objective advice, and to help Canada to respond more adequately to the new problems facing us. The government has helped the Society reach it full potential by increasing, in 1989, the its annual subsidy and other fundings.

To reach its goals, like similar institutions in other countries, the Society relied on legislation, the *Act to incorporate the Royal Society of Canada*, which received royal assent on May 25th, 1883. The Society considers that this legislation served it well, but today, it needs more leeway to take care of its facilities. This is why we are requested to look at the petition presented to the Senate.

The Royal Society of Canada is asking, in this petition, that the limitation on the value of property that it may hold for its own use be removed, and that certain provisions of its incorporating Act that have served their purpose be repealed.

[*English*]

The changes proposed in the amending act will provide for section 1 of the original act to be deleted and replaced by a new proposed section 1. Subsection 1 of the new clause provides for the continuation of the society in its present form. Subsection 2 will permit the society to hold real and personal property for its purposes without restriction as to their value.

Clause 2 of the bill deletes sections 5 and 6 of the original act, which concerned the continuation of the original by-laws and officers of the society as they existed in 1883. As they have realized, the purpose for which they were included at the time is no longer relevant, and it is proposed that they be deleted.

[*Translation*]

Clause 3 of the bill proposes also that section 8 of the *Act to incorporate the Royal Society of Canada*, which deals with the competency of any of its members to be a witness in any suit in which the Society may be engaged, be repealed since it has also served its purpose.

Honourable senators, I urge you to pass Bill S-7 without delay. Thank you.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I was asked by some individuals about the reasons for this bill and I must say that my first reaction was to say that I support it.

However, at the next sitting of the Senate, I would like to return to what senator Castonguay just said, even if we intend to support the bill. Therefore, I moved that debate be adjourned to allow me to study senator Castonguay's speech.

On the motion of Senator Frith, debate adjourned.

[*English*]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

STATUS OF REPORT

Hon. Lowell Murray (Leader of the Government): Honourable senators, if I may, before we proceed, I am given to understand that our friend, Senator Beaudoin, has a brief report to make to the chamber with regard to the status of the joint committee.

● (1200)

[*Translation*]

Hon. Gérald-A. Beaudoin: Honourable senators, we intended to appear before the Senate to table the report of the Special Joint Committee on the Government of Canada's proposals for a Renewed Canada. I would simply like to say that negotiations are continuing.

If we are not in time for the adjournment of the Senate, the report will be deposited today with the Clerk of the Senate, as usual.

That is all I had to say. I did not want to start a debate. Negotiations are continuing. If the Senate adjourns before we finish, the report will be tabled later today, according to the Rules of this House.

I am not in a position to discuss the report's contents because negotiations are continuing.

I simply wanted to advise honourable senators that if we do get it on time, that's fine, and if we don't, it will be later today.

Hon. Royce Frith (Leader of the Opposition): I have a question for Senator Beaudoin, but it is just for further clarification.

Am I to understand that the tabling of the report is being postponed or is it just a matter of saying that, if the Senate is not sitting when the report is tabled, the Committee's report will be deposited with the Clerk of the Senate, and if the Senate adjourns before then, we should not, in any case, wait for the production of this document?

Will how you table this report depend on whether the Senate is sitting?

Senator Beaudoin: Exactly, Senator Frith.

If we are sitting, we will follow the usual procedure, and if we are not, we will deposit the report today with the Clerk of the Senate.

Senator Frith: You are not asking us to wait for the report.

Senator Beaudoin: Well, I will leave that up to the Leader of the Government in the Senate. If the Senate is prepared to wait, the report will certainly be tabled some time today.

Senator Frith: I suppose you don't know how long it will take?

Senator Beaudoin: No, I don't, Senator Frith.

We are negotiating, and I know the Senate is supposed to adjourn around 12.30 p.m. There is every indication it will take longer than that.

If we don't get here in time, we will deposit the report with the Clerk of the Senate. It really makes no difference. As you say, it is just a formality, whether we table the report while the Senate is sitting or afterwards.

Senator Frith: It all depends on whether we are sitting or not?

Senator Beaudoin: Exactly.

Senator Frith: I understand.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, we will have a royal assent around one o'clock this afternoon. It is unlikely that the proceedings will be so lengthy or that there would be any items on the Order Paper that would keep us after one o'clock this afternoon.

[*English*]

SENATE REFORM

MOTION TO APPROVE THE PRINCIPLE OF AN ELECTED SENATE CONSIDERED IN COMMITTEE OF THE WHOLE

On the Order:

> The Senate again in Committee of the Whole on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Hébert:
>
> That the Senate of Canada agrees with the principle that the Senate be reformed, by making it an elected body with sufficient membership and power to effectively represent the people of Canada in all regions of our land.
>
> The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the motion, the Honourable Brenda M. Robertson in the Chair.

[Senator Frith.]

The Chairman: Honourable senators, I understand Senator David is prepared to proceed.

[*Translation*]

Hon. Paul David: Madam Chairman, honourable senators, Senate reform has been an issue for many years and so far there has been no real consensus on any proposal.

We may, however, presume that both extreme options, namely the status quo and abolishing the Senate, will be rejected by the Beaudoin-Dobbie Special Joint Committee. In view of the pressure exerted by several western provinces, Newfoundland and the public at large, except in Quebec, the option of an elected Senate will probably be adopted by the Joint Committee. This option would be a positive response to your motion, Senator Molgat.

As a Canadian and a Quebecer, I wonder about the advantages of such an approach, for reasons that I will explain to you briefly. I know very well that I am going against the current, but I am giving you a strictly personal opinion.

I share the opinion of several of my colleagues that an elected upper house cannot alone resolve the constitutional crisis and the problem of regional disparities in this country. It is illusory to believe that such a Senate would cure all our ills.

I even wonder whether the hoped-for advantages would not be compromised by the many disadvantages that I personally anticipate.

The basic question which I, like you, am trying to answer is: What is the Senate for and whom must it serve?

In 1865, John A. Macdonald put it this way:

> The Senate must be an independent chamber, free to act as it sees fit, for its true value lies in being a moderating body that calmly examines legislation proposed by the people's assembly and refuses any hastily or poorly considered legislation that may be presented to it, but it will never obstruct the carefully considered and reasonable desires of the people.

This concept of the appointed Senate thus refers to an independent, moderating, wise body that does not obstruct the carefully considered and reasonable desires of the people, who, in this description, are represented by the elected members in the House of Commons.

If we still want to assign such a purpose to the Upper House, the Senate must complement, and not compete with, the House of Commons. The Senate must be independent of the House of Commons and therefore it must necessarily be non-partisan or almost non-partisan.

The other purpose that the Fathers of Confederation wanted the Senate to fulfil was to defend the interests of the regions, by giving them all the same number of representatives. Today, people are advocating not only that senators be elected but also that there be the same number from each province.

Curiously enough, for this newly elected house, they advocate limiting the powers which are now held by the appointed senators. Also, they hope that its democratic legitimacy will make it more effective.

Can the triple E (elected, equal, effective) really meet the fundamental criterion of a second chamber that is complementary and not a rival of the first house?

The idea of an elected Upper House is certainly democratic and very commendable. On the other hand, I am not sure that, at this point in time in our history, the introduction of an elected Senate in our very british parliamentary system would be compatible with the goals we just described.

Is our present system not based on party lines and ministerial responsibility?

Whether the Senate election is held or not simultaneously with election to the House, it will involve the same federal political parties, thus:

> it is possible—

according to constitutionalist José Woehrling,

> that the representation be the same in both Houses, and if we have a majority in both Houses, party lines will make it so that the Senate will rubberstamp the decisions made in the House of Commons.

If both Houses, confident in their democratic legitimacy, end up with majorities of different sides, we will be in constant deadlock because, according to Woehrling :

> Neither one of the two Houses will feel obliged to yield to the other one.

Either way, the political independence of the Senate is in jeopardy and there is great risk that the interests of the provinces and of Canadians will be put aside.

Furthermore, elections cost money. If they are financed by political parties, businesses, unions or other organisations, we are almost certain that the Senate will be party oriented and in direct competition with the House of Commons. The Senate will be more indebted to those groups than to the population it is supposed to represent.

My six-year experience as a senator has showed me that, even in an appointed House, party lines sometimes take precedence over regional interests and that collective wisdom is sometimes dramatically disturbed. I cannot possibly imagine by what magic, by what chemistry the electoral charisma could be different.

Which brings me to my original question: For what and for whom must the Senate be used? If the answer was such as to make the senator promote only the interests of his or her voters, the obvious danger of such an approach would be, on the one hand, to bring in Ottawa elected senators whose only vision would be that of the provincial political parties and, on the other hand, to transform the Upper House into a huge arena composed of individuals with divergent interests.

You will agree with me, honourable senators, that this could very well endanger the preservation and the promotion of Canadian unity.

Is it to preserve that unity that the authors of the 1984 report of the joint committee suggested that senators be elected according to the single-member constituency plurality system for a non-renewable term of nine years? Such a recommendation seems illogical and undemocratic to me.

In what way a senator would be more legitimate and accountable to the people if he or she is elected for one term only?

On the contrary, if we have an elected Senate, a senator should have the right to solicit a new mandate repeatedly, because only the voters can judge the senator's work and his contribution to the Upper House.

I remind you that in our parliamentary system, the Senate is not an isolated institution. Given the qualifications that I expressed, it seems crucial to me to better define its role, its mandate and its powers before deciding that it be elected in a system that perhaps would not be suitable for it.

While we wait for a clear answer to the question of whom and what purpose the Senate must serve, I am convinced that it would be more advisable, prudent and logical first to reform its method of appointment.

In 1980, the Lamontagne Report recommended that the federal government appoint senators in such a way that every second appointment would be made from a list of candidates drawn up by the provincial government.

Such an experiment, if it had been tried out at that time, would be very useful today, so that we could evaluate its merits.

The Meech Lake Accord went further and proposed that the Prime Minister of Canada choose senators from lists drawn up by the provincial premiers. Since Canada is made up of ten provinces and two territories, I think it would be most appropriate for the provinces and territories to participate in the process of appointing senators. Not only would it be fairer but it would also result in better provincial representation in the Senate.

Nevertheless, I would admit the possibility of a provincial government, if it so chooses, submitting a list of candidates who had been elected for that position, as the Government of Alberta did recently.

Should a provincial government fail to submit its list of candidates within a time limit that would have to be determined, the Prime Minister of Canada on his own could appoint a senator.

• (1210)

[*English*]

The Chairman: Senator David, I wish to advise you that your 10 minutes has expired. You may ask for leave to continue.

Senator Molgat: Agreed. I believe we should let Senator David finish his speech.

[*Translation*]

As for representing Canadian society in an upper chamber that is complementary and non-competitive, I think the best option for the time being would be a selection process based on a list of nominees. In fact, I believe the right balance of quality, competence, equity and representation of all disci-

plines could be achieved far more readily than with elected representatives. This option would seem more productive, for the time being, than that of an elected Senate, which requires further definition.

Before concluding my speech, I would like to draw your attention as well to a number of internal reforms that would be desirable in order to enhance representation, effectiveness and co-operation in this chamber. I have a few proposals which I would like to share with you, without going into any great detail:

1—I would be in favour of changing the distribution of seats, which could be arranged as follows, for instance:

28 for the four Atlantic provinces;

28 for the four Western provinces;

24 for Ontario;

24 for Quebec;

8 for the territories;

For a total of 112 seats, which I think should be a maximum.

This distribution would be the equivalent of 43 per cent of the seats for 59 per cent of the population, as concentrated in the central provinces, and 57 per cent of the seats for 41 per cent of the population, as concentrated in the remaining provinces and territories.

2—In a chamber that would be complementary and non-competitive, I suggest we have only a suspensive veto and that all bills passed on second reading in the House of Commons be referred at this stage to one of the standing committees of the Senate.

3—I am in favour of the following:

(a) That the agenda for the sittings of the Senate should be subject to a calendar determined several months in advance;

(b) that the compulsory retirement age for a member of an appointed Senate should be reduced back to 70;

(c) that an appointed senator's initial term would be for fifteen years, renewable by an ad hoc committee for five years at a time;

(d) that any member who fails to attend a committee meeting or any general sitting would incur a severe financial penalty, except in case of illness;

(e) that the government should involve members of the Senate more frequently in its inquiries, commissions and special committees;

(f) that the government should submit certain senior appointments for approval by the Senate;

(g) that the Speaker of the Senate and the Deputy Speaker should be elected by their colleagues, by secret ballot;

(h) that the Clerk and the Gentleman Usher of the Black Rod should be chosen by the Committee on Internal Economy, Budgets and Administration or one of its sub-committees.

[Senator Molgat.]

Briefly, honourable senators, I challenge the political precept that an elected Senate would be more effective and would better reflect the fundamental role of an upper chamber that is complementary to and does not compete with the House of Commons.

I believe that without a drastic reform of the whole parliamentary system, an elected Senate would create more problems than it would solve.

On the other hand, a substantial reform of the nominating procedure might prove extremely beneficial in a transition period. A systematic review of our internal operations would considerably improve the effectiveness of this chamber.

Since this interesting but in my opinion somewhat belated debate originates from a motion by Senator Molgat, my conclusion will be as follows: I am in favour of Senate reform, I am in favour of the Senate having enough members and powers so that it adequately represents Canadians across this country, but I am against the compulsory election of all its members.

In the circumstances, I must vote against the Senator's motion.

• (1220)

[*English*]

Senator Gigantès: I would like to adjourn the debate in my name.

The Chairman: It is moved by Senator Gigantès, seconded by Senator Molgat, that the debate be adjourned. Do we have approval? Thank you.

Senator Roblin: If the committee approves that motion, which I take it it does, and no one else wishes to speak on this subject at the present time, I move that the chairman report progress and that we sit again.

Senator Molgat: Agreed.

The Chairman: It is moved by Senator Roblin that the Chair do now report and ask leave to sit again. Do we have approval?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Honourable senators, the sitting of the Senate is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Brenda M. Robertson: Honourable senators, the Committee of the Whole, to which was referred the motion of the Honourable Senator Molgat respecting an elected Senate, has considered the motion, made some progress, and asks leave to sit again.

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

Some Hon. Senators: At the next sitting.

Motion agreed to.

AGRICULTURE

CRISIS FOR FARM MARKETING BOARD—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the crisis facing Canada's farm marketing Board.—(*Honourable Senator Olson, P.C.*).

Hon. H.A. Olson: Honourable senators, I wanted to say a few words on this now, because time is running out again.

The negotiations that were started in Uruguay about five years ago are now coming to a head. I think the minister told us earlier today in Question Period that Canada's response to Mr. Dunkel's script had to be filed tomorrow, I believe it was. I think he also said a few minutes ago, or a couple hours ago now, that they were not going to tell the Canadian producers what Canada was going to file because it was a negotiating position they were going to file or deposit, or submit or whatever the right word is.

It is extremely important that we keep reminding the government about how important these marketing agencies are to certain producers because I do not think anybody over there realizes how long it takes and how difficult it is, with the trials and tribulations of getting these marketing agencies in place on behalf of the producers.

By the way, I would expect a speech highly supportive of my position from Senator Roblin. I would think he would be making a speech because all the egg producers in Manitoba have probably gained more from this legislation than any producers anywhere in Canada, because of course their market primarily for most of their egg produce is outside of the province of Manitoba. Their market is primarily in Ontario, but they ship eggs, of course, to many other parts of Canada too. There has been some marketing structure set up under the enabling legislation that has been very useful and profitable. I might say it provided some stability to the egg producers in that province that they never had before.

Now, as I said, we are getting into the final stages of this issue. The producers have always said that they want to support the government in what it is doing. The government, including the Prime Minister, keeps saying, for public consumption at least, that they are working hard to protect and clarify Article II of the GATT so that these marketing agencies can continue to do what they have been doing in Canada. The problem is that we keep hearing that some of the producers who have been on these delegations to Brussels and to Geneva, and other places where the negotiations have been going on, are apprehensive that the government, to put it very briefly, will say, "Well, you know, we tried. We tried really hard, but we couldn't make it."

I heard the Prime Minister say himself that he was not going to back away from the negotiations because they did not win on this particular thing, because that is what they want us to do. Well, I don't know who wants them to do that. I don't know who the "they" is. In any event, the Prime Minister, the Minister of Agriculture, and Mr. Wilson, the Minister of Trade, have all continued to give us assurances that they are working hard and making great efforts to maintain these marketing agencies.

Just on February 21, Mr. Gerard Kiely, the spokesman for the European Community Agriculture Commissioner Ray MacSharry, said very bluntly:

> The response to Canada is no.

Trade Minister Michael Wilson said on February 21, just a few days ago:

> (There are) differences between where we are coming from and where they are coming from.

He is telling us that they are not winning, that they are not making any progress in spite of all the promises that they made that they are working so hard.

Then another gentlemen, who is spokesman for the EC Agriculture Group, whose name is Jens-Peter Myllerup—I think this is the same man I talked to in Geneva about three years ago respecting this Uruguay round of discussions—had this to say:

> We have no interest in supporting the Canadian position.

I talked to him some time ago when I was in Geneva with a group of parliamentarians. I asked him about the $30 billion that the European countries are paying by way of subsidies to their farmers. The United States was insisting that they declare they were going to take that down to zero in ten years, at least at that time. I do not know if the United States are still in that position, but that is what they were insisting.

● (1230)

And the argument went that the industrial establishment in Europe, especially from in Germany, was getting tired of paying that $30 billion into the farm subsidy sector. He turned to me and he said very, very quietly, "Don't hold your breath." He was from Germany, by the way, but he was one of the spokesmen for the EC. He said they are not getting tired of it. There is a completely different attitude with respect to food production there than you seem to realize. Any country that has been short of food—and of course they were during the last war—has a lot of respect for any policies that will continue to produce large quantities of good wholesome food.

So don't hold your breath if you think they are getting tired of it. There were some other political implications, too, about Chancellor Kohl needing the political support from a couple of provinces that were major food producers, Bavaria and some others. I understand that kind of language.

So this is the problem. But the main thing is to know from this government that they are not going to back away when it gets critical. As I said a few minutes ago, they should not come along and say, "Sorry we didn't make it, but we tried hard.

I have several quotations here of statements by the Prime Minister. I will give you the most recent one, from February

21, when he was asked outside the House of Commons if he thought the Canadian Marketing Boards would survive. His reply was, "I would not want to make that claim."

Does he know something that he is not telling the people? He says he is working hard day and night to save Article XI, and then he says, well, I could not make a claim that these marketing boards are going to survive these negotiations.

I am not going to take this any further, because I have brought this up in Question Period a number of times. However, I would like the government to stick to it and not back away when the situation gets critical.

As well, Canadian producers have a right to know what it is that the government is going to put on the table. What are they going to file in response to Mr. Dunkel's script? He has re-written this and put it out and asked various countries to respond to it.

I am trying to encourage the government to stick to it. The producers have been very supportive of the government from what they have said, but they are apprehensive that the government is going to let them down when it gets critical. I hope that is not going to be the case.

Hon. Duff Roblin: I do not usually speak twice in one day, but my honourable friend encourages me to tempt the patience of my listeners once more, which I am now about to do.

He seems to me to be presenting a rather one-sided view of the problem. I happen to agree with him that the problem of getting the rest of the world, with a few exceptions, to bend to the Canadian view on this issue with respect to section 11 presents a real challenge. I do not think he can blame the government for their—

Senator Olson: They are the ones who are negotiating it.

Senator Roblin: Precisely. I do not think he can blame them for their negotiating stance so far, because they have been as rigid and as firm as we would expect them to be in asking for consideration on this matter. It is a complicated issue, because there is not only section 11 of the GATT, which concerns us and about which we are talking at the moment, but there is also section 22 of the GATT which confers very substantial powers on the United States of America with respect to their management of their dairy industry and their other minor, from their point of view, agricultural activities, rice, tobacco, peanuts, and things like that. I do not know exactly what the Americans are going to do about the prospective loss of section 22. Section 22 affects them in the same way that section 11 affects us.

It is a difficult issue, because when one considers the history of the world, it is a little difficult to say to the Europeans, for example—and this is perhaps not an orthodox opinion—to say to them, you have a right to protect your farmers. You have a right to protect your food supply. You have a right to protect the amenities of your agricultural rural community and all those things, but that right only extends to your domestic situation. If you produce a surplus product, which then impinges on the world market and affects the wheat farmer, for example, as their policy is affecting our wheat farmers now, that is going too far. But insofar as domestic support prices and arrangement for farmers are concerned, which do not involve surplus commodities that have to be exported to make the thing work, then I think we can understand the attitude of some people in Europe and we can understand the attitude of some people in Canada. Because the people who are on the marketing board and the supply side management situation, take that stand. They justify their position on much the same grounds. Also, what they have so far avoided is surpluses to be disposed of in the international market to any significant or burdensome extent. There have been some surpluses that have been traded abroad but, by and large, I think we could live with a rule that said, "Okay, but no export surpluses will be allowed."

Canadian consumers may have a different view because they have to pay a substantial premium because they are not allowed access to imported goods of the kind.

Most of us would recognize the farming community is a special one, in many respects. It consists of a large number of very small people, none of whom can really influence markets by themselves, and they are, therefore, subject to the vagaries of market in a way that some other Canadians are not. I have always taken that factor into account when considering the merits of these various kinds of agricultural supports.

But where I fail to follow my friend is in his conclusion. I take it to be his conclusion that if the Canadian government does not succeed in protecting section 11 and securing the approval of some form of marketing boards or supply and management in Canada, I conclude from that, that if they do not get that, then they should decline the GATT. Because he is saying, "Don't back away. Don't let us down. Hang on to your principles. Stick up for the country. Defend the farmers, and don't back down."

Now the logical consequence of that may be no GATT. How do we present that problem to our western farmers who are, on the whole, in favour of a GATT that reduces the pressure on their industry by eliminating some of these burdensome surpluses. If we back away from the GATT, what will those people think of the decision of the government. It is a Hobson's choice. It is a very difficult dilemma.

But worse than that, if we backed out of the GATT and decided that we would reject the proposition all together, what happens to the rest of our trading relationships with the rest of the world. I cannot even speculate on how they would be affected. But it is obvious, I think, they would not be impacted for good. They would be impacted for evil, for worse.

So what a difficult decision for a government to make. And my honourable friend throws no light on his view in this matter. But if we stick to our guns with respect to—

Senator Olson: If we were in office we would have some views and we would work on it.

Senator Roblin: You may be in office and have a chance to pursue them, who knows? I certainly do not rule it out, although I think it would be a tragedy for the country, but

countries have borne greater tragedies than that from time to time.

Senator Gigantès: Tory times are tough times, starving times.

Senator Roblin: My friend can take refuge in that situation. I do not object to it. That is a legitimate debating point.

But I simply say this is a very complicated situation. I would not blame the government if they found that, after their best efforts, they could not make their point. If they do not make their best efforts, then I would criticize. But I think they are making their best efforts.

It is perfectly clear from the information that reaches us that, out of the hundred-odd nations in GATT, there are only a handful that support our position. So a realist has to say that it is a tough slog. It is not going to be easy.

• (1240)

I have not given up hope, however, because I think there are other interests involved and I have mentioned one, the United States and section 22. When those sort of issues percolate into the consciousness of the Congress of the United States, we may find some friends there whom we do not have at the present time. I hope that will be the case.

My main purpose in rising, however, is to point out to the chamber that my honourable friend has not covered the full consequence of what I think his policy recommendation is; that if we do not get our way on supply management we dump the GATT. That would be a very hard decision to make. But I do support him in his adjuration to the government negotiators, including the farming representatives who have gone with them and have been very helpful and strong in their support, which we generally appreciate. We encourage them and we do not lose hope. We keep on working. But we have to recognize that this is not an easy question and there are many different interests involved.

Senator Olson: Is that the position of the government? Is the government not going to respond to our position on this now?

Senator Roblin: I am happy to say that I speak for myself and myself alone. I do not in any way intend to involve my honourable friend, the Leader of the Government, in my cause. I speak as an interested citizen and, I hope, a responsible member of the Senate.

Senator Gigantès: That is probably the only straight thing we have heard all day from your side.

Senator Olson: When will we hear from the government whether the farmers are going to know?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have stated very briefly, but I think quite thoroughly, as recently as this morning during the oral Question Period, what the status of the situation is. I certainly could not have said it nearly as well, let alone better, than has Senator Roblin. I concur with everything he said as to the complexity and difficulty of the situation and as to the logical outcome of the position that Senator Olson has been taking in this house.

Perhaps when we return on March 17 there will be something further to report. I fervently hope there will be, and if there is, I shall report it.

Senator Olson: I would like to ask just one other question, because I was not quite clear on this, this morning. I was very disappointed to hear the minister say that he did not think they would be letting anyone in Canada know what the response to Mr. Dunkel's script was going to be. The reason he gave was because it is a negotiating position, but are the producers going to know what Canada's response to that was, which, of course, was to substantially weaken Article XI?

Senator Murray: Honourable senators, the position of the government with regard to the shortcomings of the Dunkel text have been made very clear on numerous occasions since the Dunkel text was tabled in late December.

One of our principal criticisms of the draft text concerns Article XI. We have made that clear. That will be clear again in the position that our negotiators take when they return to the table.

The mandate of our negotiators is, as it has been, to seek the strengthening and clarification of Article XI.

On motion of Senator Hébert, debate adjourned.

ENERGY, THE ENVIRONMENT AND NATRUAL RESOURCES

COMMITTEE AUTHORIZED TO STUDY POLICY OPTIONS ON CONTROLLING EMISSIONS

On the Order:

Resuming the debate on the motion of the Honourable Senator Hays, seconded by the Honourable Senator Olson, P.C.,

That the Standing Senate Committee on Energy, the Environment, and Natural Resources be authorized to undertake a study of the policy options available to the government to achieve the objective of containing emissions associated with energy production and use in Canada with a view to improving the environment and to make recommendations thereon. Among these options are regulation; the use of economic instruments such as emission charges and taxes, subsidies and tradeable emissions permits; measures to enhance energy efficiency and conservation; and the promotion of energy alternatives; and

That the Committee present its final report no later than 30 November, 1992.—(*Honourable Senator Nurgitz*).

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, Senator Nurgitz has advised me that he does not intend to speak on this motion and I suggest that, unless someone else intends to speak, we can put the question today.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): It was proposed by honourable Senator Hays and he is not here, for the very good reason that he is involved with the committee—

Senator Lynch-Staunton: The deputy chairman of the committee is here.

Senator Molgat: But I am not sure whether Senator Hays wishes to say anything further. That is the problem.

Senator Lynch-Staunton: As you wish.

Senator Molgat: If he does not wish to, I have no objection.

Senator Kelly: I can assure honourable senators that Senator Hays does not wish it to be delayed.

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

Motion adopted.

NORTH ATLANTIC ASSEMBLY

MEETINGS OF ECONOMIC COMMITTEE AND INTER-PARLIAMENTARY CONFERENCE ON EUROPEAN SECURITY

Duff Roblin rose pursuant to notice of Wednesday, February 19, 1992:

> That he will call the attention of the Senate to two meetings of the North Atlantic Assembly, namely, the Economic Committee, together with the OECD Directorate, held in Paris, France, on 10th and 11th February, 1992 and the N.A.A. Inter-Parliamentary Conference on European Security and the Future of the CSCE, held in Brussells, Belgium, from 12th to 14th February, 1992.

He said: Honourable senators, I will chance my luck with this one and try to keep within the 15-minute rule.

I would like to tell the Senate something about the recent meeting of the Economic Committee of the North Atlantic Assembly with the spokesman from the OECD. This combined meeting is an annual event which is intended to acquaint parliamentarians with the current views of the OECD on the economies of OECD countries which, of course, includes Canada.

I will not burden the chamber with an extensive report on their forecast, except to say that it was what I call a conventional forecast with no particular surprises. Nineteen ninety-two was to be a year of slow but steady growth, and 1993 was to be considerably better with over 3 per cent growth. Canada was accorded the premier place with respect to growth. I just hope these fellows know what they are talking about.

The conclusion was that there was no drastic change of policy to be sought in most OECD countries, including Canada. Rather, it was steady as you go, no double-dip recession and no change of policy called for. But it is necessary to wait till midyear for confirmation that we are indeed making the progress that people were anticipating and hoping for.

[Senator Lynch-Staunton.]

The OECD is making quite a study of the problems involved with the economic consequences of sustainable development and environmental protection. I have no startling conclusions to report with respect to that matter, except that they seem very optimistic that the costs of environmental protection in all its various aspects in the OECD countries are manageable and indeed make good economic sense, even in the short run. I did not ask the forest industry of Canada and some of our mining people what they thought of that particular view, because I know that in some quarters the burden of protection of the environment is considerable.

There was some comment about the GATT issue that we have been discussing today. I suppose the bureaucracy of the OECD is obliged to be optimistic about the outcome and indeed not to speculate. It is not their business. I did not get the impression that they thought the final conclusion would be easy.

It was interesting to note that at about the same time the Vice President of the United States, Mr. Dan Quayle, is alleged to have linked the successful conclusion of GATT with the future of NATO with respect to American participation. It is also interesting to note that he denied that he drew that specific connection. But I think we would be living in a fool's paradise if we did not conclude that there was indeed some connection between economic policy and NATO. If GATT fails we might expect to see the further development of regional trading blocks, the Far East, North America and Europe. And if that should happen and we go our separate ways in economic matters, the hope of foreign policy unity, which we see in NATO, certainly would be prejudiced. So it seems to me that that is not an issue that we can entirely set aside.

● (1250)

Perhaps the most interesting part of the discussion had to do with a brief report on the prospects and status of the countries in central Europe who are trying to convert their economies. I will give honourable senators a thumb-nail sketch.

Much to my surprise, Czechoslovakia and Hungary were awarded the prize, so far, of approaching a stabilization of their economies under the new regime, although it is recognized that privatization of the giant state enterprises is still an unresolved issue in those countries.

Bulgaria and Romania, oddly enough, in the shorter time that they have been dealing with this problem, have been moving faster; a late start, but not a hopeless case entirely.

What was a surprise was to hear that Poland, which in my opinion was leading the pack in this respect, is now in danger of back-sliding, that the new government in that country is easing off on the harsh and difficult measures they have had to take to try to move to a market economy. This was regarded as unfortunate. I hope that that forecast does not prove to be a problem in Poland in the time to come.

Much has been said on the role of western Europe, the NATO countries in particular, in dealing with these problems. An emphasis was placed on the fact that the trading barriers

that now exist are detrimental to the progress of eastern countries, particularly in the field of agriculture that we have just been discussing, and there is the need to break down these barriers if these countries are to help themselves, not only agriculture and farm products, but textiles and steel as well. This is a real problem for the West to settle. Hopefully, it will be settled if GATT is successful; but, even if it is not, it is a problem that the European countries, in particular, must take under their immediate consideration if they are to do their part in the economic redevelopment of eastern Europe.

This meeting of the Economic Committee was followed by a general meeting of the North Atlantic Assembly to discuss the work of the Council of Security and Cooperation in Europe (CSCE). This body, which came into being about 10 years ago, became a platform, in the time of the Cold War, where talks could be conducted between rival parties. It proved to be a successful mechanism of establishing certain rules about human rights and crisis preventionn. It has been a valuable development. It now consists of about 48 states; 10 from the old USSR less Georgia—I saw in the paper the other day that not all 10 turned up to take the oath, as they were expected to do. Maybe that 48 will have to be reconsidered, though the rest may join later on.

The functions of the CSCE can be divided into three categories. First of all, there is a secretariat, a document collection centre so that all policy considerations can be studied in one place.

The second category was designed to help these countries of eastern Europe develop sound election policies and programs. Members of the council go out into countries that are having elections and they lend assistance in setting up the elections and they supervise the elections. They send working parties out.

Then there is the question of human rights in the CSCE countries. In this respect, the organization has the power to send rapporteurs into Armenia, or wherever, to look at human rights violations in those particular areas and to report.

That is all to the good, but we must recognize that there are serious limitations. In the first place, the CSCE *modus operandi* has a problem. States can raise problems, and on the request of a state, you can get reports from the secretariat of the CSCE; but, when you come to decision making and deciding what to do, they have the problem of consensus.

Consensus means everybody must say yes. It is modified, because there can be one dissenter; it is consensus less one. All of these states but one must say yes in order to get a decision registered.

Then, of course, the question of enforcement arises. There is no mechanism at the present time where that can be done. There is a move to give the CSCE an enforcement arm. Our own Secretary of State for Foreign Affairs has spoken to that effect in rather emphatic terms. From my point of view, however, I would proceed cautiously in that connection, because if you decide to enforce human rights and have the CSCE intervening directly into the domestic affairs of Armenia or Azerbaijan, etcetera, you will have a big problem on your hands. It is doubtful whether there is any mechanism that could be devised in the CSCE to deal adequately with the question of enforcement. That represents a very difficult question.

NATO, of course, offers its cooperation. NATO, as we all know, has been going through a crisis of purpose these last few years. Its reaction has been to downsize the army. We had a taste of that the other day when our budget came down. NATO has been active in nuclear disarmament and military doctrine. It does not have an enemy any more. It is no longer facing the East the way it once did.

It is remarkable to me, in the short few years that have passed, to find that when you get to a NATO meeting, you must deal with a lot of Russians. Marshall Lubov, who is head of the Warsaw Pact, has been coming to NATO meetings to talk about mutual concerns. Representatives from Poland, Czechoslovakia, Bulgaria, Romania, and Hungary all appear now at North Atlantic Assembly meetings and are accorded the same privileges as other parliamentarians. That is a good thing. One of the most remarkable things that they tell us is how much they like NATO. That seems absurd and odd when one considers the history of recent times. However, they make it clear to us that they want to see NATO continue, in general, the way it has been operating these last few years.

The Russians are saying that one day they might wish to be associated with NATO as well. So, we have a deep interest in the future of NATO in these countries.

The problem is that NATO has suffered a loss of its main target. It must re-orient itself. It is adjusting rapidly to the facts, but one of the problems in Europe is competition. Many people are competing for the same turf in Europe these days. There are overlapping activities going on between NATO and other organizations. For example, the Maastricht Summit promised a common defence policy for the Economic Community. If there is such a common policy, it must involve military. How is that to fit in with NATO?

There has been a large agitation, particularly in France, for the resuscitation of the Western European Union, an idea that I thought had been discarded long ago, where select European countries would unite for military purposes. We have the France-German army, a division of soldiers or some lesser unit of that kind. France and Germany are developing new cooperative methods of working together that have never been any place before. So, there is a lot of confusion in Europe. There is plenty of competition, and one of NATO's problems will be to sort out its role with respect to these various bodies that are now appearing on the scene.

We must remember that the Cold War does not mean we have a world at peace. I wish it did. It means that our collective security measures will still be required in one form or another, perhaps not the way they are now, but certainly in an effective form in the future.

NATO's asset is the experience of integrated national forces. That is an easy phrase to say, but it encompasses an

enormous effort to enable forces of different nationalities to work together for a common purpose. Of course, NATO is supported not only by a common view of life, but a wonderful record of success. I find it extraordinary that an international institution like that has been so successful in achieving its main purpose to the benefit of all mankind on either side of the former Iron Curtain.

NATO is a force in being, and in this difficult and contentious world, a force in being for a good purpose is something we should not discard and something we should not give up.

This brings up the question of Canada's association in NATO. I am sorry that our token force of 1,000 soldiers will be removed from NATO in the course of the next few years, but it is probably an inevitable process. We will see the Dutch soldiers retiring to the Dutch frontier and we will see the Danish soldiers do the same thing. The Americans will cut their contribution in half anyway, if not more. There will be a substantial readjustment of armed forces within NATO. The old patterns will not necessarily be needed or justified. In spite of my nostalgia for our troops in Germany, I recognize that this is not the end of our association with NATO. It is far more important for our NATO association that we should retain even on this continent the rapid response force that is needed to give some evidence of our capacity to deal with military problems in the NATO area, should that arise. The fact that we have air forces, transport and some troops earmarked for that obligation seems to be a contribution which, on consideration, the NATO Alliance will regard as helpful and productive.

● (1300)

There are a lot of changes going on. We cannot rule out any new reorganization of forces or any new policies that might be adopted. The out-of-area policy of NATO is up for challenge. The Germans will have to give that consideration, because they say their constitution prevents out-of-area action under the new dispensations. We are looking for solutions. We know there are problems; we should approach them with caution and not drop the bone in our mouth or the bone that we see in the water, if I can invoke that old fable of Aesop's. No one but me probably remembers that.

Collective security, which is Canada's real interest in the world these days, is our fundamental foreign policy; collective security. NATO is one of the best, if not the best, instrument that we have to continue to promote our collective security. I say nothing to take away from the United Nations. I have great hope that the United Nations will be even more effective in the future than it has been in the last little while. Our contribution to peace making is one of the great jewels in the Canadian foreign policy crown. We must continue to be prepared to maintain our status in that connection.

So, honourable senators, this is a thumbnail sketch of some of the issues that were on the table, first, at the economic committee meeting and then at the general NAA meeting. But it boils down to this: I am glad that we have a special Senate committee to look into defence in Canada. Senator Molgat has been keen about that. I am glad that is he persistent in his effort because it is very worthwhile. One of the first items on the agenda of that committee when it gets to work would be to consider these changes in NATO to decide how we can advise the Government of Canada best to deal with its foreign policy in the future.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I wonder if senator Roblin would permit a question. The order reads the North Atlantic Assembly. He spoke about that, but he also spoke about NATO. Would he refresh my memory? Exactly what is the relationship between NATO and the North Atlantic Assembly?

Senator Roblin: I must confess that I mix these two acronyms up in my conversation. Undoubtedly it is confusing. I thank my friend for the query.

NATO consists of the governments. NATO is an organization of governments of which Canada is one. Its primary purpose was to deal with the Russians in days gone by but it is now seeking a new mandate.

The organization which I attended is called the North Atlantic Assembly. It is an assembly of parliamentarians from NATO countries. Parliamentarians from NATO countries meet every so often to discuss NATO problems. They have an influence on the policy that NATO itself lays down. NATO is the governments' and the executive body in charge of the armies and in charge of the action. The North Atlantic Assembly is the parliamentary body to which all the countries in NATO send delegates. It forms policy proposals that are presented to the NATO governments for their consideration from time to time.

Senator Molgat: At NATO now do the Russians, and the other previous Warsaw Pact countries in general, send parliamentarians to the general assembly as well?

Senator Roblin: That is my fault for mixing up NATO and the North Atlantic Assembly in my conversation, because the people I am talking about came to the North Atlantic Assembly as representatives of the Parliaments of those countries.

Senator Molgat: The Parliaments? Okay.

Senator Roblin: Just as I went as a representative of the Parliament of Canada. Marshall Lubov was a case by himself. He just represents himself at the present time. He was invited to come so he came.

This meeting of such a widespread group of nations is the North Atlantic Assembly. NATO has its own contacts with these new countries but I am not talking about that connection at all. I hope that I clarified my position.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other senator wishes to speak, this Inquiry is considered debated.

The Hon. the Speaker *pro tempore:* Honourable senators, pursuant to rule 136 (8), I must interrupt the proceedings so that we may proceed with Royal Assent.

The Senate adjourned during pleasure.

• (1310)

ROYAL ASSENT

The Honourable Peter deC. Cory, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of non-controversial and uncomplicated nature therein and to repeal certain provisions thereof that have expired or lapsed or otherwise ceased to have effect (*Bill C-35, Chapter 1, 1992*)

An Act to amend the Canada Pension Plan (*Bill C-57, Chapter 2, 1992*)

An Act to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and the prevention of fiscal evasion and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes (*Bill S-2, Chapter 3, 1992*)

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, March 17, 1992, at 2 p.m.

CONTENTS

Friday February 28, 1992

PAGE

Airport Transfer (Miscellaneous Matters) Bill
Third Reading—Motion in Amendment—Vote Deferred. Senator Kelly ... 1011

SENATORS' STATEMENTS

General Election
Number of Days Left in Current Term. Senator Frith ... 1011

Olympic Winter Games XVI
Congratulations to Myriam Bédard. Senator Molgat ... 1011

Banking, Trade and Commerce
Notice of Motion to Authorize Committee to Engage Services. Senator Kirby ... 1011

Privileges, Standing Rules and Orders
Motion to Authorize Committee to Consider Propriety and Constitutionality of Amendments to Rules of the Senate. Senator Haidasz ... 1011

Goods and Services Tax
Presentation of Petitions. Senator Hébert ... 1012

Adjournment
Senator Lynch-Staunton ... 1012

QUESTION PERIOD

The Budget, 1992
Relationship to Past Budgets—Government Position. Senator Frith ... 1012
Senator Murray ... 1012

National Health and Welfare
Social Programs—History of Daycare Legislation. Senator Frith ... 1012
Senator Murray ... 1012

The Economy
Effect on Employment—Government Policy. Senator Haidasz ... 1013
Senator Murray ... 1013

Agriculture
Federal Support for Grains Sector—Government Position. Senator Olson ... 1014
Senator Murray ... 1014

National Finance
Government Requirements—Progress of Borrowing Authority Legislation. Senator Stewart ... 1014
Senator Murray ... 1014

General Agreement on Tariffs and Trade
Protection of Article IX—Apparent Ambivalence in Government Activity. Senator Molgat ... 1014
Senator Roblin ... 1014
Senator Murray ... 1015

PAGE

Special Joint Committee on Renewed Canada
Progress Report. Senator Frith ... 1015
Senator Murray ... 1015

Miscellaneous Statute Law Amendment Bill, 1991
Third Reading. Senator Nurgitz ... 1015

Canada Pension Plan (Bill C-57)
Bill to Amend—Third Reading. Senator Lynch-Staunton ... 1015

Canada Assistance Plan
Second Reading—Debate Concluded ... 1015
Senator Frith ... 1016
Senator Gigantès ... 1020
Senator Murray ... 1020
Point of Order. Senator Gigantès ... 1021
Senator Gigantès ... 1021
Senator Kelly ... 1021
Referred to Committee. Senator Kelly ... 1021
Senator Molgat ... 1021

Transport and Communications
Fifth Report of Committee Adopted. Senator MacDonald ... 1021
Senator Lynch-Staunton ... 1022
Senator Murray ... 1022
Senator Stewart ... 1024
Senator Olson ... 1024
Senator Roblin ... 1027

Royal Assent
Notice ... 1028

Foreign Affairs
Fourth Report of Committee Adopted. Senator Stewart ... 1028

Private Bill
Royal Society of Canada—Bill to Amend Act to Incorporate—Second Reading—Debate Adjourned. Senator Castonguay ... 1028
Senator Frith ... 1031

Special Joint Committee on a Renewed Canada
Status of Report. Senator Murray ... 1031
Senator Beaudoin ... 1031
Senator Frith ... 1031
Senator Murray ... 1032

Senate Reform
Motion to Approve the Principle of an Elected Senate Considered in Committee of the Whole. Senator David ... 1032
Senator Gigantès ... 1034
Senator Roblin ... 1034
Report of the Committee of the Whole. Senator Robertson ... 1034

Agriculture
Crisis for Farm Marketing Board—Debate Continued. Senator Olson ... 1035
Senator Roblin ... 1036
Senator Murray ... 1037